

*Yearbook of the Economic  
Club of New York*

Economic Club of New York

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**COLONEL GEORGE W. GOETHALS**

YEAR BOOK  
OF  
THE ECONOMIC CLUB  
OF  
NEW YORK

Volume IV  
Containing the Addresses  
of the Season 1913-1914

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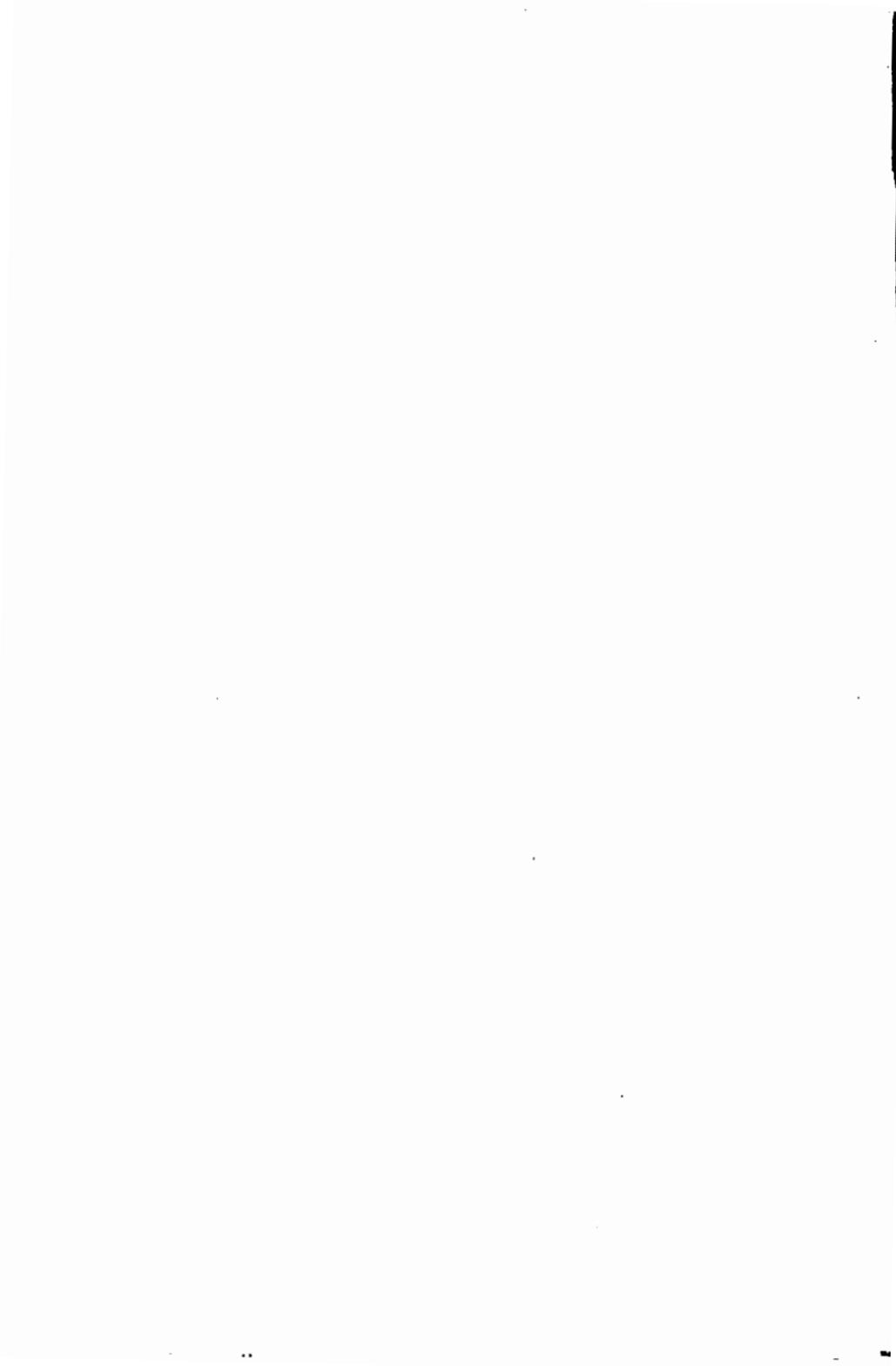
## INTRODUCTION

The past year has been especially fruitful in important subjects of contemporary public interest, from which the discussions of the Economic Club have profited.

The following addresses were so acceptable when delivered, that it is believed they will be valued in printed form.

The Year Book, of which this volume is the fourth issue, is published chiefly for the members of the Club, each of whom is entitled to a copy.

R. E. E.



## CONTENTS

### TWENTY-FIFTH MEETING

PAGE

*Fundamental Questions in Banking and Currency Reform, with Special Reference to the Currency Bill*

Address by Prof. Joseph French Johnson . . .	7
“ “ Hon. Robert L. Owen . . . . .	21
“ “ Hon. Frank A. Vanderlip . . . . .	29
“ “ Hon. Carter Glass . . . . .	50

### TWENTY-SIXTH MEETING

*Woman Suffrage*

Address by Hon. Helen Ring Robinson . . .	81
“ “ Mrs. A. J. George . . . . .	93
“ “ Dr. Stephen S. Wise . . . . .	106
“ “ Hon. Charles S. Fairchild . . . . .	126

### TWENTY-SEVENTH MEETING

*The Commercial Significance of the Panama Canal*

Address by Col. George W. Goethals . . .	140
“ “ Andrew Carnegie . . . . .	145
“ “ Irving T. Bush . . . . .	149
“ “ Dr. Emory R. Johnson . . . . .	162
“ “ Dr. Talcott Williams . . . . .	174
“ “ Dr. Hamilton Wright Mabie . . . . .	182

**TWENTY-EIGHTH MEETING**

*The Pending Trust Bills*

Address by Prof. Jeremiah W. Jenks . . .	193
"    " Samuel Untermyer . . .	206
"    " Charles F. Mathewson . . .	219
"    " Hon. Atlee Pomerene . . .	233
"    " Hon. George W. Wickersham . . .	244

**PROGRAMS OF THE FIRST TWENTY-FOUR MEETINGS** 251

**OFFICERS, 1913-1914** . . . . . 275

**CONSTITUTION** . . . . . 276

**THE NATIONAL ECONOMIC LEAGUE** . . . . . 281



## TWENTY-FIFTH MEETING

Monday Evening, November 10, 1913

HOTEL ASTOR

GUESTS OF HONOR

HON. MARCUS M. MARKS  
President-Elect of the Borough of Manhattan

SIR GEORGE PAISH  
Editor of *The Statist*

DR. LUDWIG FULDA  
Author and Dramatist, Berlin

PROF. KARL F. TH. RATHGEN  
Hamburg

PROF. JOSEF SCHUMPETER  
Vienna

WILLIAM M. ACWORTH  
Chairman London United Tramways Co.

SUBJECT

*FUNDAMENTAL QUESTIONS IN BANKING AND  
CURRENCY REFORM, WITH SPECIAL  
REFERENCE TO THE CURRENCY BILL*

SPEAKERS

PROF. JOSEPH FRENCH JOHNSON  
Dean of the School of Commerce and Finance, New  
York University

HON. ROBERT L. OWEN  
Senator from Oklahoma; Chairman of the Senate  
Committee on Banking and Currency

HON. FRANK A. VANDERLIP  
Formerly Assistant Secretary of the Treasury; Presi-  
dent of the National City Bank

HON. CARTER GLASS  
Congressman from Virginia; Chairman of the House  
of Representatives Committee on Banking and  
Currency

JAMES SPEYER, *Presiding*  
President of the Club

*FUNDAMENTAL QUESTIONS IN BANKING AND  
CURRENCY REFORM, WITH SPECIAL REFER-  
ENCE TO THE CURRENCY BILL*

ADDRESSES

INTRODUCTORY REMARKS BY THE CHAIRMAN

MR. ELY: Ladies and Gentlemen: It gives me pleasure to ask the President of the Club, Mr. Speyer, to take the chair. (Applause.)

MR. SPEYER: Ladies and Gentlemen: Before starting the regular proceedings, I wish to say a special word of welcome to our foreign guests who are not going to speak to-night. We are glad to see here to-night two German exchange professors, as well as two distinguished English visitors. We are particularly glad to see these Englishmen and Germans sitting side by side (laughter), which we like to consider not only as a visible proof of their interests in our affairs, but also as a token of the improved relations which now exist between these two great nations, and which mean so much for world peace. We hope they will continue to grow stronger.

These strangers have just witnessed and heard the din of a New York municipal campaign, but I know that they have sufficient sense of proportion and breadth of view to look below the surface and to realize

that however much appearances may differ in different countries, the old saying is still true: "They cook with water everywhere"; even if some of our newspapers, and some people here do make an awful lot of noise while the cooking is going on. (Laughter.) The result in the inn has been very satisfactory and assures to our city a continuance of honest, intelligent, and efficient municipal government. (Applause.) After all, gentlemen, public opinion is not so much expressed and formed, as strangers might think, in the market-place, as it is by a gathering of such men as are here to-night.

Members of the Economic Club: This is our twenty-fifth dinner, and the distinguished speakers and the large attendance are sufficient proof that our Club is filling a useful place in our civic and national life. Our membership list of twelve hundred is full, and we also have a waiting list.

I will not delay the proceedings by reading to you a list of the members who now compose your committees, which it has been my privilege to appoint. You have the printed list on your bill of fare, and you will notice that they are all new men as far as your committee work is concerned, and Mr. Ely, our Secretary, assures me that never since our Club has existed have the members of the committees and others taken such an active interest in the management of its affairs. Therefore, I think we may look forward to another successful season, and to many more if we remain true to our policies not only to select important topics of the day for discussion, but also to see to it that these questions are discussed from all sides and listened to in a fair and non-partisan spirit.

The subject selected for this evening is "Fundamen-

tal Questions in Banking and Currency Reform, with Special Reference to the Currency Bill," and the Committee has specified these questions as follows:

1. Does the Owen-Glass Bill provide for government control or for government supervision, and what should be the qualifications and the tenure of office of the members of the Federal Reserve Board?

2. Should the notes be issued and guaranteed by the government?

Being somewhat of a banker myself and having very definite views on these questions, I feel sorely tempted to take off my coat and to take part in this discussion; but I am not going to take advantage of your kindness. There were, however, two things that I wanted to say to you with your permission, and I hope you will like them; but I am going to say them just the same. The first one is this:

For reasons historic, geographic, and others which it is needless to mention, our city of New York has become, and is to-day, the commercial and financial center of our great country. We are part of it and want to and intend to keep this position. I predict that any attempt to change this by legislation—if ever such were made—would fail and would bring disorder, if not disaster to the whole country. (Applause.) You cannot hit New York without hurting the whole country. (Applause.)

I only hope you are going to like this. (Laughter.) The only way that I can see by which we could lose, naturally and justly, our leadership or the influence that goes with it, would be if we of New York did not recognize in good time the legitimate aspirations and needs of our fellow citizens in other parts of our

great and growing country (applause) and the duties and responsibilities which our position of supremacy entails on us towards the whole nation. Do not let us forget that New York can only prosper and be happy if the whole country prospers and is happy. Some of us may think that we here have a paramount or special interest in banking reform and are entitled to special consideration; but I think we are all bound in honor and entitled by self-interest to approach and help such new legislation in a broad and patriotic spirit as citizens of the whole country. (Applause.)

Another thing that I would like to say with your permission is this: Of course, in framing a banking and currency bill, the suggestions of bankers of practical experience should be heard and heeded, and they surely have been given ample opportunity and consideration by the chairmen of the two committees of Congress to express their varying views. But not all bankers are approaching this subject free from local bias, and it is only human that supposed self-interests should influence some of them. The experience of this and of other countries shows that the detached student of history, the independent economist, the broad-minded man in touch with public affairs—that these frequently form an equally correct and reliable opinion, provided they take time to study the subject thoroughly and without partisan spirit. Therefore, I think it is a mistake to suppose or insist that in framing new banking or currency legislation the various views of bankers should be regarded as the only ones to be considered or heard. That is all I have to say.

Our Club is honored to-night by the presence of two broad-minded men of public affairs and political ex-

perience from Washington. I want to assure both Senator Owen and Representative Glass that we do appreciate their coming here to-night to speak to us at this time and at this juncture, when we know they are burdened with official work and responsibilities towards the whole country.

Ladies and Gentlemen: When we discussed in the Committee as to whom we should invite to address the meeting to-night, I and some others said we should try to secure one of our leading college professors on economics, who could explain in a more or less abstract way the questions involved. However, the majority of the Committee thought it was best to invite some leading banker from another city, one who was known to be somewhat opposed to the pending legislation, and Mr. Sol. Wexler of New Orleans agreed to come, but yesterday he telegraphed us that on account of sickness in his family he could not fulfil his promise. Your very efficient Secretary thereupon went to work to secure some competent man known to be somewhat in opposition to the pending Bill, and he succeeded in getting a college professor to fill the breach—for which we are much obliged.

This particular professor, I know, needs no special preparation to speak on financial matters. I take pleasure in presenting Professor Joseph French Johnson of New York University. (Applause.)

ADDRESS BY PROF. JOSEPH FRENCH JOHNSON,  
*Dean of the School of Commerce and Finance, New York  
University*

Banking is the most delicate and sensitive of all businesses in which men engage. It goes without saying

that it is a business in which the law maker should not needlessly interfere. Perhaps some of you may not know that modern banking is a product of evolution. In this respect it is like all great human institutions. No language worth while was ever invented by a human being. Speech, with all its intricacies and inconsistencies of grammar and syntax, was not planned by some master mind centuries ago, but is the result of countless ages of effort on the part of the human animal, guided only by his subconscious intelligence—that which we call instinct in the lower animals—to give expression to his emotions and his more or less hazy concepts. Language, like the comb in which the bee stores its honey, has come to us as the product of the labor of our ancestors through many millions of years. Money, credit, and banking are in like manner evolutionary products. If we attempt to tinker with them artificially without regard to the lessons of experience and in disregard of the forces of evolution, believing that our reason transcends the consolidated experience of our ancestry, we shall meet the fate that we deserve, the fate of the conceited bee who thinks he can improve the honeycomb, or of the conceited grammarian who would make me walk a literary Bridge of Sighs for saying "it is me."

The first bank-note was an accident. The first banker was merely the holder of money, the manager of a safety deposit vault. He gave receipts for the money deposited with him, and his customers gradually learned that it was more convenient to pay their debts with these receipts than with the money itself. This safe deposit banker on his side was also learning something. He found as the result of experience that he had a large

hoard of money on hand which was never called for. Little by little he began to make use of it. He loaned it out in fear and trembling, for he knew he was doing something that his depositors would not approve. They supposed that all their money was kept stored in the banker's vaults, whereas he was engaged unconsciously, if not wickedly, in the development of deposit banking, an institution without which the gigantic business of to-day would be impossible; and the essential principle of which is that the depositor in the bank has no money whatever in the bank, but is merely the owner of a right to claim money from the bank.

In the light of these possibly academic reflections, let us examine the currency bill passed by the House on the 18th of September, commonly called the Owen-Glass Bill, and determine whether it is based on the experience of the ages in banking practice or is the product of an arbitrary and theoretical use of the human reason. It is well known to all of you that in all countries except the United States, students, bankers, and business men have arrived at an agreement on this subject, namely, that money and credit are things of such vital importance to all the people of a country that it is most dangerous to leave their issue and control to the sway and caprice of unregulated competition. So in all countries of Europe and in many other countries on other hemispheres the lessons of experience have been put into practice by the legal establishment of central institutions, commonly called central banks of issue and deposit. Among bankers and economists in foreign countries, the necessity for and the advantages of the central institutions, whose chief functions are to

protect the national credit and to display storm signals when business or industry in any direction is over-extended, are accepted as axiomatic. Why, therefore, has not our Congress devised some such institution for the United States? My answer to this question may be a surprise to some of you. It is the common understanding that the Baltimore platform of the Democratic party declared against the establishment of a central bank. The banking plank as published in the newspapers of the time did make such declaration, and when the House Committee on Banking and Currency, nearly a year ago, began its hearings on the subject, it was passed around that the Committee could give no ear to a proposal for a central bank, being prohibited therefrom by the Baltimore platform.

I had the honor of being invited to appear before the Committee and to submit a plan for the reform of our banking system, but I did not respond for reasons like those which would keep an engineer from assisting in the deliberations of a council of bridge builders who were under orders to proceed on the assumption that some right angles are bigger than others, particularly when they are drawn in different countries. Recently, to my astonishment, I have learned on very high authority that the Baltimore platform did *not* declare against a central bank in general, but merely against the Aldrich plan. Its language as published in the newspapers of the day, and in the *World Almanac* for 1913, is as follows: "We oppose the so-called Aldrich Bill or the establishment of a central bank." (Page 688, *World Almanac*.) I am now told that the word "or" in the plank was written "for" and that the plank as adopted by the convention in Baltimore reads as

follows: "We oppose the so-called Aldrich plan for the establishment of a central bank."

Thus by a trifling typographical error—the omission of a single letter of the alphabet—the House Committee felt compelled to turn a deaf ear to any proposition looking to the correct solution of this problem, and to devise a banking plan which flies in the face of all banking experience.

I am aware that this statement will be denied, and I am quite willing to admit that in some of its details the Owen-Glass Bill has taken leaves from the experience of banking institutions of this and other countries, but in its essentials, in its anatomy, in its bony structure as it has been called, it is an animal absolutely unknown to the natural history of finance. Let me briefly call attention to the following novelties in banking:

1. It provides for a system of twelve competing banking institutions which shall control the currency supply of this country, and over which there shall be no controlling body with power sufficient to compel them to regard the national welfare in the issue of currency and in the extension of their credit. It is taken for granted that the financial welfare of the people will be safe, provided that these competing regional banks are required to hold reserves of thirty-three and one-third per cent., and are not permitted to issue notes except upon deposit of good commercial paper.

2. The Bill provides that the federal reserve banks shall have the right to deal only with banks, nay more, they may deal only with such banks as have contributed to their capital stock. This again is a novelty in the banking world. If these banks are to be in touch with all American business and industry

and be powerful agents for the prevention and alleviation of panic, why should they be thus restricted in their operations?

3. The capital of these regional banks is not a matter of voluntary subscription. It is not founded on business principles. The framers of the Bill seem to fear lest the banks they were planning might not prove profitable investments, hence, they have provided that our national banks must subscribe the necessary capital or forfeit their charters. No country on this green and prosperous earth has ever found it necessary to resort to such undemocratic compulsion in order to persuade people to go into the profitable business of banking.

4. The bank-notes issued by these federal reserve banks are called government obligations and must be redeemed on demand by the United States Treasury. In no country will you find that any such bank-note has ever been issued or even proposed, and I submit that in the United States, whose people for half a century have confessedly been subject to periods of anxiety and distress and panic because of the government's liability for the daily redemption of paper money, this proposal of the Owen-Glass Bill is amazing, inexplicable, and indefensible. The United States Treasury is not a bank and is not made one by this Bill. It cannot control the issue of the notes, nor the credit operations of the banks who do issue them, nor can the federal reserve board for which the Bill provides. Why then should the Treasury be compelled to redeem these notes?

5. The Owen-Glass Bill provides for an arbitrary shifting of bank reserves such as has never been attempted before. Nobody can foretell what the result

will be, but we know nothing of the sort has ever been attempted before and we also know that many banks will be obliged to reduce their loans and discounts, and that their customers, the business men of the country, may suffer serious losses in consequence.

The United States has tried many financial experiments—indeed, our present national banking system was an experiment in finance and has been found wanting—but this Owen-Glass Bill, if it could be put on exhibition in a world's financial museum, would, I feel sure, be voted the newest and most spectacular thing we have yet constructed.

So much for the radically new features of this proposed banking system whose sponsors insist that it is based upon the teachings of experience. Let me now call attention to two of its manifest and radical weaknesses.

First, I want you to note the inadequacy of the control for which it makes provision. The Federal Board in Washington through its agents in the several federal reserve banks is to regulate the issue of notes. Please note that the Board itself can have no knowledge of the character of the paper deposited for the security of these notes nor the kinds of business and industry to which the regional banks are extending credit partly by the issue of notes and partly by the expansion of their deposit accounts. It cannot know, therefore, when bank credit is being over-extended in certain sections of the country or on behalf of certain businesses or industries. Indeed, if it had such knowledge, it would have no power to apply the corrective, for, apart from note issues, this central board is to have no authority over the credit operations of a federal reserve bank.

Right here, in order that my objections to the plan may be clearly understood, let me call attention to the fact, well known to all students of banking, that what we call "inflation or over-expansion of credit" is always the product of excessive loans and discounts, and it may be a matter entirely independent of the issue of bank-notes. These are only one form of currency with which business is transacted in this country, and they are the least important. The most important currency is the bank check, and behind it is the promissory note deposited in a bank. Again, I want you to bear in mind that the only sure test of credit inflation, whether through the enlargement of note issues or the increase of bank deposits, is a rise of prices, which turns the balance of international indebtedness against us and causes an export of gold. These propositions are well understood by the managers of the great banks of Europe. So when the Bank of England feels or even foresees an undesirable drain upon its gold reserve, it forces contraction by the restriction of its own credit operations, and thus safeguards itself and the interests of its customers and of the whole country. I may say in passing that these important truths were first given authoritative expression in a document which has become a classic in the annals of European finance, namely, the famous Bullion Report of 1810, which pointed out in the clearest language that the managers of the Bank of England were mistaken in their assumption that an undue expansion of credit was impossible provided it was based on good collateral, and that the foreign exchanges alone could be regarded as the ultimate test or touchstone of the practical wisdom of the bank's operations.

This brings me to the second criticism of the Owen-Glass Bill, namely, its failure to unite power and responsibility. The regional banks have uncontrolled power to make loans. In the issue of notes alone they are subject to some regulation by the central board. Consequently, any one of these banks will have the power to inflate the credit of the country and to bring on a demand for the export of gold, and *yet the offending banks may not be obliged to furnish the gold*. The demand for gold will almost inevitably be satisfied either by New York City or by the United States Treasury. In England, France, and Germany such a situation brings pressure to bear at once on the reserve of the central banking institution and that body, on account of its intimate relations with all kinds of business, its control of note issues and influence upon the rate of discount, is able to prevent disaster. In those countries the commanding financial institution has one head and one will. The Owen-Glass Bill gives us a financial system with twelve heads and twelve wills, and takes for granted that those twelve heads and wills can be dominated and controlled by a central head possessing less banking knowledge and less banking power than any one of the twelve.

I cannot emphasize too strongly the importance, the serious nature of these two elements of weakness in the Owen-Glass Bill: the feeble, incompetent, and inadequate control for which it makes provision, and its divorce of power from responsibility. The United States, from a financial point of view, is in a very peculiar position. We have nine or ten different kinds of money in circulation, and all but one of them, that is the national bank-notes, are recognized as lawful

money and are counted as the equivalent of gold in the reserves of national banks. We have a great abundance of gold, and one billion dollars of this gold is serving as money in the form of gold certificates. Many of these are locked up in bank reserves, but there are in circulation among the people between five hundred and seven hundred million dollars of paper money performing work as a medium of exchange which might equally well be done by bank-notes. Now mark the danger inherent in the situation. If any number of competing banks are permitted to issue notes subject only to the restriction that the notes be secured by prime commercial paper, it will be possible for the banks to get five hundred or six hundred million dollars of these notes into the permanent circulation in the place of the lawful money which is now there, and this lawful money will be drawn into banking reserves, thus increasing the lending power of the banks by at least two thousand million dollars. Such an expansion of credit would inevitably give rise to a tremendous demand for the export of gold. Many of you are old enough to recall that just such a perilous situation as I have described existed in this country in the early nineties, and that it was then due to our over-expansion of credit based upon an artificial increase of our supply of lawful money. We live in a fool's paradise if we think that we have grown so strong and rich that such a peril can never threaten us again. Mere size does not make a nation immune from financial disease. The law of gravitation is no more relentless in the physical world than is Gresham's law in the world of finance. In substance, Gresham's law declares that if there are two kinds of money in circulation, one being inferior in some respect to the other, people will seek

to retain the superior while paying their bills with the inferior money. Having that law in mind and knowing the peculiar monetary and banking situation in the United States, I cannot understand how any man can fail to regard this Owen-Glass plan for regional banks in any other light than as an invitation to panic.

Certainly no man would care to have the hands of twelve chauffeurs on the steering wheel of his automobile. Nobody would have to explain to him what would happen. Yet this banking plan does that very thing with the financial machine of this country. Its friends will tell you I am mistaken, and that they have provided that there shall be only one driver, namely, the central board in Washington. In reply, I ask what would you think of a chauffeur who cannot touch the throttle which controls the flow of gasoline in your machine? This central board in Washington indirectly through its federal reserve agents is given some power of control over the issue of bank-notes, but I want you to observe that in the United States the bank-note does not play, and ought not to play, an important part in the business of banking. It is merely one of the convenient tools which the banker uses. There is a fluctuating need or demand for hand-to-hand currency in this country, and what we want is a banking system which will enable bankers to satisfy this need without any encroachment upon their reserves of lawful money. The motive force in finance is not the bank-note. It is, as you all know, the discount on the one side and the deposit on the other; and over these forces, which are comparable to the gasoline of your automobile, the central board at Washington, created by this Bill, is to exercise no control whatever. If that does not mean a smash-up, or at least

some most embarrassing and anxious days and nights for that central board in Washington, then I shall thankfully admit that I know even less about banking than I do about automobiles.

It must be evident to you that the Owen-Glass plan, in my opinion, is not a hopeless measure, for a very simple amendment—one that can be written in two lines—would remove these vital defects to which I have called attention. Let us put into its bony structure a real spinal column in the place of that paperoid figment of a backbone which its creators have given it. We can do that simply by increasing the powers of the central board as follows: *The Board shall have full authority over all the operations of the Federal Reserve Banks.*

The Bill so amended would give us a central bank modeled somewhat on the lines of the old State Bank of Indiana, the only western bank that weathered successfully the panic of 1837, the bank of which Hugh McCulloch, one of our greatest secretaries of the treasury, was a most distinguished graduate. It would not be an ideal central bank, but it would possess the stalwart virtues of control, power, and responsibility which are lacking in the Owen-Glass structure. I believe that this bank should be controlled by the government, not necessarily because government appointees would be more capable or more patriotic than managers selected by bankers or private citizens, but because in no other way can this great and powerful institution be kept out of politics. Andrew Jackson would never have feared the influence of Nicholas Biddle, the president of the Second Bank of the United States, if the charter of that bank had placed its con-

trol in the hands of men appointed by the President of the United States.

The members of this central board of control should be appointed for life in order that their position may compare in dignity and poise with that of a justice of the Supreme Court of the United States. The bank should begin operations most modestly and cautiously. It should obtain its capital on business principles and not by coercion. It should be responsible for the redemption of all forms of paper money now in existence, carrying in its reserves the billion dollars pledged for the redemption of gold certificates, the one hundred and fifty million dollars set aside for the redemption of greenbacks, and such funds as the Treasury may happen to have in its general balance. This bank should not be artificially restricted in the field of its operations. It should deal with any and all banking houses, and in emergencies with individuals. It should not seek deposits by the aid of a compulsory law, but should win deposits as all banking institutions have had to do in the past, by the value of the services which it renders to its depositors. It should be clearly understood that this bank could not add a single dollar to the productive capital of this country; it would simply be a powerful agency for the more even distribution of capital now in existence; it could not lower the average rate of interest, but through its influence the rates of discount in the West and South would be made more reasonable.

In conclusion, I beg you to take into account the fact that credit is the most important force in the world of business. It is as important there as electricity is in the physical world. Like electricity, too, it is a subtle, mysterious, baffling thing, and must be handled with

the utmost delicacy and caution. You business men, as a result of the great expansion in your affairs made possible by the effective use of electricity as a means of communication, have discovered the necessity for concentration and control. Our so-called "trusts," which have grown up despite the law, are concrete and overwhelming evidence of the business man's opinion on this subject. Now, if there is necessity for concentration and control, or any advantage in such concentration and control, in the great industries of this and other countries, how much more important it is that this sensitive thing we call "credit," upon which all business and all industry depend just as all forms of animal life depend on the supply of oxygen, should be brought under that kind of control and regulation which the world's experience up to date has proved to be the best obtainable.

I appeal, therefore, for a central bank, under government control, a democratic bank, a people's bank, the kind of a bank that Andrew Jackson would have loved, and the kind that, I believe, he would fight for if he were President of the United States to-day.

MR. SPEYER: Gentlemen: You will agree with me that I did not overstate Professor Johnson's qualification to speak at very short notice on financial questions. I didn't know he knew so much about zoölogy that he could prepare animals for museums. (Laughter.) I doubt again whether that animal will go there. (Laughter.)

It is a great honor for me to introduce to you as the next speaker a man who has had ten years' experience as the president of a national bank, and who has been in

public life for years; one who has by his sympathy with us given proof of that intelligence and altruistic spirit so essential to a successful legislator and who now occupies the place of Chairman of the Committee on Banking and Currency in the Senate of the United States,—Senator Owen. (Applause.)

ADDRESS BY HON. ROBERT L. OWEN,  
*Senator from Oklahoma; Chairman of the Senate Committee on Banking and Currency*

Gentlemen of the Economic Club: It gives me great pleasure to appear before you and to advocate this remarkable mastodon, which the professor says has been erected or partially constructed down in the city of Washington. The luminous and interesting remarks of the professor, in criticism of this strange animal, remind me of the wonderful accuracy and geographical learning of a distinguished citizen of New York who engaged me in conversation at the Knickerbocker Hotel some time ago. He sat down and after some genial conversation finally said to me: "Where are you from, sir?" I said with reasonable and pardonable pride, "I am from Oklahoma." He said, "Ah, what state is that in, sir?" (Laughter.)

The time allotted me by the Club is very short. I must not detain you many minutes. There are others to be heard.

This Bill proposes to give to the financial system of the United States certain important improvements which have been found essential to the perfection of our

national banking system. It is agreed on all hands by those who are learned in this matter that we need to concentrate and to make mobile the bank reserves of the United States; that we need to supplement the concentration and mobilization of reserves by elastic currency and by these means build up in this country an open discount market which will enable the business man of the country at all times to obtain the accommodation which his merit entitles him to. We need these improvements in our financial system in order to stabilize the interest rate.

I remind you that the Bank of France during the last fifty years for over three quarters of the time has not gone above a three per cent. interest rate; that for eighty-five per cent. of the time it has never exceeded four per cent.; and the same thing is measurably true of the German Empire because of the great influence of the Reichsbank acting there as a great public utility bank,—a bank holding in its hand the available reserves having the power to issue “legal tender notes.” And I beg you, gentlemen of the Economic Club, to mark the words “legal tender notes” against commercial bills under a penalty sufficient to cause automatic retirement. The Bank of France in like manner has the right to issue a large volume of bank-notes; also legal tender notes, private corporation though it be; and the Bank of France keeps available at all times a sufficient margin of those notes to protect the commerce and industry of the French Republic against any possible demand upon it.

It is easy to criticise a measure; it is far more difficult to write one that is beyond criticism. This Bill which provides for twelve regional banks—not less than twelve

regional banks—has been severely and caustically criticised, because it did not establish one central bank. We are advised here to-night from this rostrum that the Democratic platform at Baltimore declared against the Aldrich plan for a central bank. The fact is that the proceedings of the Convention as duly reported was against the Aldrich plan “*or*” a central bank, not “*for*” a central bank; and in the campaign book that went out the letter “*f*” was inserted. It was a sin of commission and not a sin of omission and the guilty party has not been found. (Laughter and applause.) It may have been a typographical error; it may have been an accident; but whether it were or not, it is not necessary for a Democratic platform to declare against a central bank, because a country three thousand miles wide from east to west and fifteen hundred miles from north to south ought not to have a central bank as a matter of economic justice and wisdom. (Applause.)

You take England,—it has a central bank, a great public utility bank, protecting the commerce and industry of England. You take France,—it has a great central bank; but consider the size of France which has this central bank with nearly five hundred branches and sub-branches and agencies, and France could be put inside of Texas and have some room to spare.

The German Empire could be put within the confines of Texas and have room to spare, and yet the German Empire has a great central bank. Why does not all Europe have only one? It is not because of the size. There are abundant economic reasons to justify each of the fifteen great public utility banks of Europe. Each one serves a particular constituency, and each one has numerous branches. The Bank of Germany has nearly

five hundred branches and sub-branches. The Bank of Belgium is an independent public utility bank serving the same function; and the Bank of Netherlands is an independent bank serving the same purposes, and yet you may take these three banks and the things they represent and put them inside of Oklahoma and never miss them. (Laughter.) The question after all comes down to a question of serving the people; and a bank which will serve six or seven states will have as large a responsibility exerted by its boards of directors who are required to keep in close touch with the credits of six or seven states as they ought to have, and if you had twelve banks in forty-eight states it would be an average of four states to a single bank.

So that the criticism of this Bill because it distributes this power, and leaves each community to elect a board of directors representing that particular community, limited with regard to their credits, is not justified. This measure is criticised because it is called a governmently owned central bank. If this great power of discount were put in the hands of a bureaucracy, whether that bureaucracy were in the hands of Democrats or of Republicans or of Bull Moosers, it would be a hazardous enterprise, because it is putting power of so gigantic a character into a few hands, to be exercised over this great republic. It is unwise, from a governmental standpoint. Now, I am not going to undertake to defend this Bill in all these particulars. I am only going to point out to you the essentials of this Bill, and how we have tried to meet objections.

It has been urged recently that, because this is not a governmentally controlled bank, the Bill ought not to pass, and we have found some adherents who admit,

since this argument was made in favor of a governmentally controlled bank, that this system which we proposed of banks managed by the banks under governmental supervision with the reserves contributed by the banks, with the public funds used by these banks, of about two hundred millions—four hundred millions of reserve, and two hundred millions of public funds—we are told that the banks who are putting up four hundred millions of their reserve ought not to have any representation at all on these directorates, which will have charge of the funds that they contribute. If that advice were to prevail, I should then feel that the banks of this country were justified in saying that they were unfairly treated. I think that when the banks of the country furnish four hundred millions of dollars of reserve it is only fair and just that they should have a majority of that board to safeguard the funds which they are required by statute to put into these banks. (Applause.)

The Committee of the Senate has been between Scylla and Charybdis. We have had the most remarkable advice given us that any committee in the world has ever received. We have been told of many plans, of methods to accomplish our purpose,—men have come there and insisted that the true standard of value was the kilowatt hour. (Laughter.) Other men have come there, and written books and presented them to show that the only thing we needed for a standard of value was a dollar, printed on paper, but limiting the number of those dollars. We have had all kinds of advice; and we have pursued a moderate, cautious course. We have given governmental supervision of this system; this Federal Reserve Board is made a purely governmental board, because it was exercising purely a govern-

mental function, supervising the system of banking for which the government of the United States was responsible.

We have in this country an entirely different system of banking from that in Europe. We have an independent bank system, each bank being required to stand on its own base, each bank an independent bank, and not a branch bank. The European banks are great banks with branches all over the country. We have twenty-five thousand banks in the United States, each one protecting itself, protecting its own reserves; and it has been this competitive striving for reserves by the independent banks which has caused to so large a degree the dangerous conditions which have heretofore prevailed and which have led to the panics of the past. Under this Bill, with these reserves concentrated in the hands of experienced bankers handling the local bank, and the branches of the local banks, all under the safeguard and supervision of the Federal Reserve Board, controlled by the United States, we have the banks on one side of the table, and the government on the other side of the table, looking at each other across the table, neither one trusting unduly to the other, with the most complete publicity of every act of the federal reserve bank, under the safeguard of governmental supervision.

Why should California, desiring a credit, be compelled to come to Chicago or Boston? Why should not California have a federal reserve bank of its own? The Pacific Coast, furnishing its own capital, and with the friendly hand of the United States behind that organization?

These twenty-five thousand banks now have twenty-five thousand individual reserves; and when we make

twelve banks—if the committee makes twelve banks—I remind you that it is a gigantic step forward in concentrating these reserves, where instead of having them subdivided in twenty-five thousand individual vaults, we bring them into twelve concentrated reserves. Is not that a very great step forward in concentration? And since we cannot, as a political exigency, or as an economic propriety, have one reserve, in order to make these reserves of common use throughout the country, there ought to be power somewhere to require the reserves, in a case of exigency, to serve their function by transferring credits from one to the other. In my judgment no such power will ever be exercised. In my judgment, under the terms of this Bill there will never arise any occasion whatever for the exercise of that power. Yet, if a national exigency should arise, the power ought to be lodged somewhere in order to protect the national credit of this great republic.

Now, public opinion has much to do with the action of Congress; and it was for that reason that I felt obliged to come to this meeting and to present to you the outlines of this Bill. It is impossible, within thirty minutes—and a man ought not to take longer on an occasion of this kind—it is impossible within thirty minutes to deal with a great measure of this kind. I can deal only with the essentials of it, and I have given you only the barest outline of the manner in which we are proposing to concentrate these reserves, make them mobile, provide for elastic currency by the issuance of federal reserve notes, and safeguarding the system by the supervising power of the government of the United States.

We have been charged with making the great and serious error in having these notes obligations of the

government. Yet, I remind you, that thirteen years ago, by the act of 1900, the Secretary of the Treasury was required by law to maintain the parity between all forms of money issued by the United States. If the government must maintain the parity of all money emitted in the United States under the law—and that law has been so far prized that it was insisted that it should be re-declared in this very act; and it is in the act as a new declaration, pledging the act of 1900 as the law of the land—why demand that these notes should be the notes of these banks, and not the notes of the United States, although the United States is compelled to keep them on a par with gold? They must still be private notes, by a private corporation—a corporation directed by the government, and the government compelled to redeem them in gold.

Gentlemen of the Economic Club: The government of the United States is compelled to redeem those notes in gold; the citizen who receives one of these notes from the Atlantic to the Pacific must be satisfied, without examination, that these notes are as good as gold; he must not stop to examine into the validity of the bank which emits them, any more than he will stop to examine a national bank-note, to see whether a national bank was safe and sound. A national bank can go out of existence; a national bank can be proved worthless; a national bank can sign its note or not sign its note; the signatures of the officers of the bank may be forged to the note, and yet its notes are as good as gold, and are kept on a parity with gold by the laws of the United States. Will you give me any sensible reason, under such circumstances, why these federal reserve notes should not be the notes of the United States?

The people of this country have a right to know that every dollar that is current is as good as gold, and it is because of the fact that the government of the United States is pledged to maintain the parity of all forms of money emitted in the United States with gold.

Now, gentlemen, I must not detain you longer. I want to thank you for the courtesy of your attention. I must yield the platform to those who follow so that I may not unduly trespass upon the time allotted them. (Applause.)

MR. SPEYER: The next speaker has two advantages over the other speakers. First of all, he did not have to come from afar; he is on home ground; I know that, because he is a neighbor of mine on the Hudson. Secondly, he has another great advantage which the other speakers did not have, in having his charming and public spirited wife to listen to him. (Applause.) Amongst those men who have come to live here from the middle West few are better known all over the country than the next speaker. Starting as a newspaper man, he was for some time Assistant Secretary of the Treasury. He has traveled in Europe, and while he was traveling observed things. He is now a New Yorker, and president of the biggest bank in the country. Perhaps some of us may not agree altogether with everything he is going to say but we do admire his knowledge and his courage in speaking openly what he thinks is right. Mr. Vanderlip.

ADDRESS BY HON. FRANK A. VANDERLIP,  
*Formerly Assistant Secretary of the Treasury; President  
of the National City Bank*

There are some laws in this world that are more potent even than laws enacted by representatives of a

sovereign people. We are in a time when many believe that we can legislate equality of opportunity and reward; that we can by mere enactment alone bring comfort and prosperity.

Still, probably all perceive that there are some laws of nature that are unbending even in the presence of legislative edict; that if we pass legislation that does not conform to such laws the result must only be to show the futility of such legislation.

There are as definite laws of economics as there are of health or mechanics. Those laws are not as universally understood, but they are none the less real, none the less certain in their operation. A party caucus cannot change them, nor can a majority vote of a hundred million people. Party platforms or committee reports are mere words that will patter ineffectually against natural laws if not in complete harmony with them.

In the great legislative problem which Congress is now dealing with, a measure is being shaped that is as intimately related to the welfare of the whole people as is any subject that can ever come up for legislative consideration. It is, of course, inevitable that prejudices and partisanship will influence action even on such a subject, and in details there is plenty of room for adjustment between widely varying preconceptions. There are a few fundamental principles, however, that are undeviating. They are not plastic to legislative will, and if legislation is to be permanent and truly successful, it must conform to those principles.

If the subject of legislation, for instance, were reforestation, we could all recognize that a popular vote would not make cocoanut trees grow on the burned

slopes of the Adirondacks; we could see that a popular vote would not of itself enable a patent nostrum to cope successfully with a health-destroying bacillus; we would understand that legislation that ran counter to a law of mechanics would in the end be without effect. It may not be as easy to see that we cannot successfully legislate counter to principles of economics, but it is none the less true. In so far as we can ascertain these principles of economics, perceive their application, and understand their certainty of action, we must conform legislatively to them if we are to have any ground to hope for sound results.

A correct solution of this problem of banking and currency legislation can be found only through our intellects; it will never be reached through remembering old prejudices or new platforms. It is not likely to be solved correctly by a party caucus, nor through the aid of an administration whip. An intellectual study of how to formulate a legislative measure which will conform to principles of economics, a search of our own consciences for what is honorably due from one citizen to another, from one community to another, an appreciation of the truth that sound legislation will bring a prosperity that will compensate for some immediate hardships and losses, occurring during the period of transition from an established, though bad system to a correct if necessarily somewhat experimental one—these are the guides that point the road to successful legislation.

There are other guides that have been given generally great prominence, but they are deceptive and dangerous. One of the most dangerous is that guide which points with distrust and suspicion at business men and

business experience. In the almost tropical flourishing of our industrial development and the accompanying financial growth, there has been much honestly to criticise, and because that is true, it has led many people to wholesale condemnation of all business experience and to general distrust and suspicion of the motives of all business men. A sound measure, governing banking and creating a currency, is not going to grow in an atmosphere of distrust of bankers. Practical faith and mutual trust are what we need.

In the inception of this project for currency reform, so-called "Wall Street," which is the longest street in the world, for it in truth extends across the continent, was a place apart. There has been misconception of its functions and activities, and distrust of its motives. I am purposing to make no defense of Wall Street, but rather to demand as a right that the real and dominant spirit of Wall Street be understood, the value of experience recognized, and belief in its patriotism, which is and always has been as true and deep as the patriotism of any other section, re-established. That issue is really a greater one than the currency problem itself. There is no truer patriotism, no finer spirit of altruism anywhere than among the financiers and great business men of this city, and I want to make a stand for the eradication of the term "Wall Street" in the opprobrious sense. Neither the country nor the government has ever faced a financial crisis in which it has not sought and found in Wall Street a bulwark. I want to be a militant advocate of justice to the important branch of our active business life that is known as "Wall Street."

I do not believe the intelligence of this country subscribes to the theory that bankers are untrustworthy

men. The practice of the business community is to trust them and to trust them largely.

I have no personal apology to make, either for being a banker or for being a Wall Street banker. I decline to accept silently any classification of bankers as discredited citizens. I refuse to be so classified and I particularly refuse to be cut off from participation in the discussion of public questions or from offering such humble service as I can toward the solution of public problems. I am deeply grateful to the Senate Committee for having given me an opportunity to act in that direction.

What does this cry of government by the people really mean? Who are the people? Are not my associates and am not I among them? I stand charged with the offense of being president of the largest bank in the United States. Who are the officers of that bank? Let me tell you that, with a single exception, they are men whose boyhood started in poverty. I myself wore the blue overalls of a farm hand and a machine-shop apprentice. One of our vice-president's memories of boyhood begin as a cotton picker in the fields of Louisiana; another as a teacher in a country school in Kansas; another as a newsboy on the streets of Chicago. I could go through the whole list and tell you of the most humble beginnings, the greatest sacrifices, of fidelity to duty and of improvement of opportunity that have served to separate these men from others who started as they did but who are instead ending not far beyond the starting point.

I have cited the bank with which I am connected because it is a case with which I am intimately familiar. In general terms, however, the same may be said of

every bank in New York city, or pretty much anywhere else in the country. In such a technical and intricate matter as banking and currency legislation, do you want the advice of men who have started in most humble surroundings and remained there, or of men who, in spite of every handicap, have surmounted the barriers and have made a success of life?

I am charged with representing an institution that in the minds of some people seems to be the very fangs and claws of the "Money Trust." Yet, in its dealings with the public, the limit of interest which it has ever charged is six per cent., no matter how high the rate in the Street has gone above that. That institution has always stood ready to assist the government in its financing at any and all times, even with the possibility of loss to itself. In its dealings with its employees, it has provided liberally for pensions and insurance without cost to them; it has created a fund larger than the endowment of some colleges for their education, and it looks after their physical welfare with the most scrupulous care.

I decline quietly to be tagged a discredited citizen or to come before you with an apology for the business in which I am engaged.

While there is need that legislators should trust business men, I believe there is as great need that business men should better trust legislators. For my own part, I am convinced that the men who now have immediate charge of formulating the final measure of banking legislation feel deeply the vast responsibility that is on their shoulders. I believe they have come to understand intelligently the principles underlying the problem and that they are trying earnestly to shape

legislative enactment to those principles. I know that they are hampered by political conditions, by political prejudices, and by stubbornly held preconceptions; and perhaps those preconceptions are the most difficult barriers in their way. A scientifically correct decision is difficult to obtain from minds closed to discussion.

The whole subject of banking and currency reform has had years of intelligent discussion. During that time, our understanding of the subject, the understanding of even the best informed, has been made more complete, while all, in fact, who have given anything like serious consideration to the matter, have now reached substantial agreement on the fundamentals.

We all know there is need for a bank or banks of re-discount, so that commercial paper, which at present goes into a bank's portfolio and lies there financially inert until maturity, may be made liquid through an unfailing ability to re-discount it. That has been recognized and provided for in the House Bill. We need mobilization of reserves and the creation of a single reserve reservoir, or several reserve reservoirs, so related as to operate in fact as if they were one. That has been recognized in the House Bill and in part provided for. We need a currency, the volume of which will be responsive to the demands of business. That has been recognized and provided for, although there has been attached to it an unnecessary and dangerous government obligation. We need a re-arrangement of our bank reserves so that they will not multiply and pyramid in a way that is both uneconomic and dangerous, but will be gathered into a reserve institution which will administer them wisely, justly, and equitably for the welfare of the whole commercial community. That

necessity has been recognized and the machinery for accomplishing it set up in the House Bill. Over the new system thus created we need a wise, intelligent experienced administration that will neither be subject to the violent changes of political thought, nor to the machinations of individual or community interests. That principle has been recognized by the drafters of the House Bill, but they saw dimly when they undertook to embody it in the measure.

Every one concerned in this legislation is in pretty substantial agreement upon what result they are seeking, and within very broad lines upon the nature of the banking machine that must be set up to accomplish it. Where, then, is the great difficulty with that measure as it has passed the House of Representatives? Why is it not possible to take thankfully what we can readily get in the way of needed legislation?

I will try to outline in what respects it seems to me the Bill as it has passed the House fails to square with economic principles, although those principles were in the main clearly in the minds of the men who drafted the Bill.

To my mind, the most serious defect is to be found in the nature of the currency which this Bill authorizes. That defect, however, does not lie in the fact that the currency fails to conform to those principles which should govern an elastic note issue. It is more fundamental than any of the principles which I have been discussing. The currency is, in fact, a *fiat money issue*. Sound safeguards have been thrown about the banks to which the government proposes to loan these fiat notes, but they are none the less fiat in character, having no gold cover and no adequate means of redemption pro-

vided so far as the government itself is concerned. Safeguards are thrown about their issue which in effect make them bank-notes after they have reached the hands of the bank. That is what they should be and that is all they should be. So far as the working of a banking and currency measure is concerned, the fact that the note is the obligation of the government and is made redeemable by the government, will not destroy its elastic quality as a bank-note. We might go on under such a system for a long time without experiencing any evil in it. That very fact, however, would lead the general public to see that currency turned out by a government printing press and loaned to a bank to be re-loaned by it seemed successfully to be performing all the functions of money, and there will certainly be a political faction quick to demand a short cut by way of the loaning of such money direct to the people without the intervention of a bank. There is danger in the government assuming this unnecessary obligation, but the really grave danger lies in leading the public to accept the fallacy that the government can print paper for which it provides within itself no metallic means for redemption, and have that paper successfully perform all the functions of a proper circulating note.

With the House Bill provisions thrown about the issue of these notes by the banks, the note will act as an elastic bank-note and will properly perform its function for a time, or at least it will if the tax upon the issue is removed, for the banks must not be penalized for issuing notes with a full gold cover, as they would be by the bill as it stands at present. Admitting, then, that the note issue will, with slight modification in the text of the bill, perform its function, although open to the

grave objection that lies back of all fiat issues, let us examine what is the next difficulty with the House Bill.

We all agree that the present method of holding bank reserves is bad. We all agree that we should do away with the evils of pyramiding reserves and have all reserves kept in part in the vaults of the individual banks themselves and in part in a reserve bank or banks organized to hold these reserves and to grant re-discounts upon commercial paper.

Sentiment, then, divides itself as to whether there shall be one reserve reservoir with many branches, or numerous reserve reservoirs co-ordinated through a central power. To one who has not the principles clearly in mind, the difference may not seem to be a distinction of importance. The House Bill, as you all know, proposes twelve independent regional banks, the stock of which the existing banks in the several districts will be compelled to subscribe for, and permanently hold. The underlying thought here seems to be to get away from centralization, to keep so far as possible the reserves of a district within that district and to minimize the importance of the great financial centers. Whether or not those purposes are laudable, I will not undertake to discuss, but I do say with a feeling of complete assurance that if these are the ends sought, the framers of the House Bill have missed the mark. The result will not be to accomplish what they wish. To have twelve regional reserve banks means to have several with a capital little if any more than the minimum of five million dollars each. The bank which I represent controls an aggregate of seventy million dollars of banking capital. There are other banks approximating that banking power and many that would be larger than the regional

banks if twelve of them are set up. The creation of twelve regional banks, then, will not tend to minimize, but rather to emphasize, the power of large institutions. Great public institutions though they are designed to be, they will represent less financial strength than individual institutions.

There is another objection to the twelve regional banks that is of much deeper significance, however. The whole theory of centralized bank reserves is based on the idea that there shall be consolidated in one reservoir the reserves of banks operating under diverse agricultural and industrial conditions, meeting a borrowing demand that is not general but special, so that the plethora of funds in one community can be made available to meet the lack of funds in another. If twelve regional districts are created in this country, they will of necessity be so small that in several cases at least there will be typically similar conditions prevailing throughout an entire region at the same time.

Let us take, for example, a regional bank located in New Orleans. The district in which that bank would operate would comprise a great cotton-growing section. Climatic and crop conditions could be practically the same throughout the district. It would follow, as experience clearly shows has been the case, that practically all the banks in that district would feel an identical pressure at the same time. Thus none of the advantages of centralized reserves from banks operating under varying conditions would be realized. The resources of that bank would be soon exhausted, because all the member banks would be in need of assistance of the same character at the same time. There is an economic principle involved in the number of regional

banks. It is not a matter to be settled by adherence to a political doctrine. It is a subject for intellectual judgment and not one to be settled correctly merely by a show of partisan strength.

The framers of the House Bill really see this point, and so they have given power to the Federal Reserve Board to compel one regional bank to loan to another. Perceiving that to be a dangerous and obnoxious power, it has been hedged about so as to make it ineffectual. Obnoxious as I regard such a power, I still recognize that the necessity for creating in effect a single reserve reservoir is paramount, and if there are to be numerous regional banks there must be unrestricted power given to a supervisory authority to compel banks to loan to one another.

The House Bill creates the capital for the regional banks by forced subscription from existing national banks. Each national bank is compelled to subscribe twenty per cent. of its capital, paying up half of that amount and remaining under liability to pay the remaining half. Having subscribed to the capital, it must keep the stock inert in its portfolio. It is a type of the worst form of investment of a bank's funds, for it is an investment that is absolutely unliquid. More than that, the compulsion of banks to make an investment of this or of any other character is unsound.

The central governing authority must of necessity be given the largest sort of powers if a system of regional banks is to be made workable at all. The character of that central authority, therefore, becomes of great moment. That a management of this sort should have continuity and experience and should be as free from political pressure as from the danger of serving

private interests would seem to be axiomatic. The House Bill provides for a board of seven, three of whom are *ex officio* members, coming from the executive's immediate official family. One, the Comptroller of the Currency, is the subordinate of another, the Secretary of the Treasury. The Comptroller of the Currency bears a peculiar supervisory relation to all the national banks, and would be placed in a most undesirable double relation to the banking situation by such an appointment. The regular members of the Federal Reserve Board are appointed for comparatively short terms, and the bi-partisanship of the Board is insured through the specific provision that not more than two shall be of the same political party. The lack of emphasis upon experience is shown in the further provision that one member of the Board shall be a person experienced in banking.

Here, then, are the grounds where sharp divisions of opinion are displayed,—the character of the note issue, the number of regional banks, the compulsion of existing banks to subscribe to the stock of the new banks or surrender their charters, and the nature of the central control. The ground of differences is narrow enough to permit thorough discussion and a comprehension of the reasoning supporting each view by any one who cares to study the subject.

In the case of the note issue, I am of the opinion that a sufficient faction of the dominant party so strongly believes that the government should control the volume and issue of all currency that there are not good grounds to hope that legislation can be secured with the present constitution of Congress which will provide for a true bank-note. On the other points of difference, it seems

to me that the reasons for amending the House Bill are so cogent, so easily comprehended, so far from being political on the one hand, or representing merely the selfish wishes of centralized financial power on the other, that it ought to be easy to reach a conclusion based on intellectual judgment alone. Several members of the Senate Committee on Banking and Currency I know are of that opinion. They believe that a measure can be drawn which will square with economic principles and will still meet all the essential tenets of Democratic faith. They did me the honor to ask me to attempt to devise such a plan.

There is perhaps some reason to regret that the members of the Committee waited until such a late day to develop their ideals for a single central institution. The plan for a regional system has been thoroughly crystallized and was fixed in the political mind of the country in such a way that any attempt to present a new plan was in danger of being viewed as merely an effort to defeat the measure that had passed the House, or at least to postpone its acceptance. Those political considerations, however, were certainly not of my making, and I was not asked to weigh them, but I was asked to give these members of the Committee my best judgment in outlining such a plan as they had in mind.

The plan that I presented was for a central bank, the stock of which should be freely subscribed for and owned by the people, and the management of which should be solely in the hands of the government. I by no means lay claim to this as my personal plan for legislation (although it has my approval), and I deeply deprecate that my name has become attached to it,

if there is such a prejudice against any banker-made plan that it cannot be considered on its merits.

This plan for a central bank contemplates the creation of an institution with a hundred million dollars of capital, the stock of which should be tax free and bear five per cent. dividends, and be offered to the public. I believe it would be eagerly taken by the public and that it should be allotted to the smallest subscribers first. This would create an institution with capital resting on a free public subscription, rather than a compelled and unwilling bank subscription. The government would have all the earnings above the dividend requirement, and the surplus above the dividend requirements should be devoted to the retirement of the government debt. I would give to this stock no power of any sort, voting voice or otherwise, except the power to receive dividends. The management of the institution should be solely in the hands of a board appointed by the President, but that board should be as free from political and partisan influence as from private influence. I would, therefore, have no *ex officio* members, but rather a board with life, or at least long-term appointments. I have suggested a board of seven, with terms of fourteen years, the term of one director expiring every two years. This would make it possible for a President to change the majority of a board only by the end of his second term, unless there were other than normal vacancies, or by removal of a director for cause to be stated to the Senate. This central bank would have as many branches as might be needed to accommodate the business of the country. The principle which prohibits numerous independent regional banks would in no wise operate against numerous branches

of a central bank. Every city of importance could be provided with a branch or a sub-branch of such an institution, while to create as many as twelve or indeed fewer than that number of independent regional banks is such a violation of an economic principle that nearly all the benefit of the attempted mobilization of reserves will be lost. I would have a bank-note currency issued solely as the obligation of this central bank. As the bank would be controlled by public officers, from the governor to assistant janitor, notes issued by such a bank would still be in perfect accord with the political principle that the government must control the volume and issue of currency, but notes issued by such a bank would be open to none of the objections of a fiat issue of government currency to be loaned to regional banks.

There are many minor defects in the House Bill which I think can and will be rectified, for they touch technical rather than political subjects, but I believe I have stated the points of great importance where there seems to be a fundamental difference of opinion. I believe that the House Bill does not properly provide for maintaining the existing two per cent. bonds of the government at par. I believe we cannot have a truly elastic currency until a part, at least, of the outstanding national bank-notes are retired so as to make room for a truly elastic element in our circulation. I have suggested to the Senate Committee a plan to meet this situation, but in a discussion of these broad principles it is hardly necessary to go into such details at this time.

I know that the opinion is held in some quarters that I have projected this plan for a central bank into the situation with a view to confusing political action. I deeply regret that any one can hold such an opinion,

for nothing could have been further from my intention. The plan was prepared because three members of the Senate Committee desired me to prepare it. It was the intention to hand the plan to these members of the Committee and in no way to connect myself with it. I was offered practically no alternative but to go before the Committee and elucidate the plan. I did that with regret, because I understood clearly enough that my connection with it would create a political difficulty in the way of its adoption. Instead of wanting to confuse and obstruct legislation, I have the deepest desire to aid and facilitate it. For years, bankers have been almost the sole advocates of just the sort of legislation that it is now hoped we will have, and it is unfair to accuse them of being in opposition to sound legislation. I believe it would be desirable to have legislation completed at this session, but it is far more desirable that legislation should be sound than that it be merely immediate. There is nothing in the business or financial situation that demands immediate action. There is much that demands action in conformity with economic principles. It is of no moment at all to the business world whether that action is in October or January, but it is of tremendous moment that we have legislation that will work successfully, and toward the carrying out of which bankers will heartily co-operate, not through compulsion, but because their business judgment recognizes it as sound.

For many years I have been discussing this subject, largely as an academic matter. It has ceased to be an academic matter. It is now a matter of imminent legislation.

I believe the Senate Committee, at least, very thor-

oughly understands the subject. They see clearly the principles and how those principles should be applied, but they are seriously hampered by political opinion. There are prejudices that date from the old United States Bank, although the lines of comparison are in no wise parallel. There are difficulties in the declaration of the Baltimore platform. Desirable as it is that parties should honestly stand upon the platform upon which they win a victory, it is certainly undesirable that Congress should surrender its legislative mind and be bound by an unsound platform declaration, rather than by serious, intellectual judgment, formed after careful analysis of the factors of a problem. The duty that is before every citizen, and, too, an immediate and pressing duty, is to give such a weight to public opinion that Congress will brush away the barriers of conceived political exigency and recognize that sound politics and sound economics go well together.

There are two factors that give force to public opinion; one is its extent, another is its intensity. An opinion intensely held by even a minority, if it is backed by absolutely sound principles, is pretty sure in the end to become the opinion of the majority. I suppose it is fair to say that the Economic Club gathers in these meetings the representative economic and business thought of the metropolis of this country. I believe an opinion intensely held by the men who compose this audience, if it stands solidly based on economic truth, will be a factor of greater governing weight than would a far more widely held opinion in the minds of men who have not very seriously considered the subject. You have, then, an immediate civic duty of the highest importance. It is to understand clearly the principles

involved in this legislation, to feel intensely the necessity of conforming legislation to those principles and to the best of your ability to transmit that intensity of feeling to your associates and to Congress. The voice of the members of the Economic Club of New York ought to be a potent voice in currency legislation. It is not too late to utter it. I know you will utter it intelligently. I plead with you to do it forcefully.

But I want to say a word of warning, too. Denunciation is not helpful criticism. What the situation needs is co-operative, constructive criticism. We must remember that while the problem is economic, its environment is political, and in its solution is deeply involved the welfare of the country. We cannot hope for an economic vacuum freed from all other influences, in which statesmanship will write a banking and currency measure; but we are entitled to expect in the solution of a problem of this type that intellectual judgment should rise superior to party declarations or prejudices.

The attitude of the Senate Committee on Banking and Currency, whose Chairman you have had the pleasure of listening to, is of great importance. You are yet to hear something of the attitude of the dominant members of the House of Representatives from the Chairman of the House Committee on Banking and Currency. There is one other factor of tremendous importance to be reckoned with in the settlement of this question—the President of the United States, who is represented here to-night by his Secretary.

Could I speak directly to the President of the United States, I would feel, considering the present position of this legislation, that it was one of the most solemn

and important opportunities I had ever faced. I would say to him that the country owes to him unbounded praise for the firm stand he has taken for currency legislation. Without that positive determination, without the grim will that he has shown, legislation at the present time would be impossible, and there is due to him for his courage, his persistency, for the strength of his political purposes, unstinted praise; but I could not stop with saying that. I would say: "Mr. President, the history of this country, with which you are so familiar, presents few examples of greater responsibility resting upon its chief executive. Tariffs, tax schemes, or even wars themselves may affect only members of the body politic, its hands, its arms, but banking and currency legislation affects its heart. It reaches every citizen, humble or great, rich or poor, and the measure that history will make of your acts will be largely influenced by the success or the failure of the legislative program which you are now with your splendid will imposing upon the country. We need legislation, but that legislation must conform to higher laws than any man or set of men can make—to the laws of economics. Those laws are greater than party platforms, they are greater than any administrative program, they will work undeviatingly whatever legislation you write upon the statute books. There can be no time limit beyond which you cannot change a legislative plan if by such change you will more nearly conform that plan to these higher laws. There is nothing in the financial situation that need give you cause to hurry if by taking time for deeper consideration and for better understanding your proposed enactments can be improved. The enactment of new banking and currency laws may

be made a short ceremony, but that enactment will have endless consequences for good or evil. I beg of you not to close your mind to argument that is based on an understanding of principles, nor to let your judgment be clouded by partisan pride or the hope for partisan advantage. You may proudly say that you do not write your political program in chalk, but if that program is found by experience not to square with sound economic principles, its indelibility may some day be your deepest regret. You have earned the gratitude of a great people by bringing through your force of will this legislative program up to the present point. If you will now throw the tremendous weight of your influence on the side of free intellectual judgment and against the brute force of party majorities, if you will throw the great weight of your influence in a direction that will lead to an exercise of freedom of thought without political restriction, if you will see to it that decisions may be made upon the economic merit of the proposals and not be tied and hampered by party domination, you will then have earned lasting praise. Do not again permit the intellects of the men who must decide this great question to be bound and hampered by caucus rule. Do not permit partisan pride to stand in the way of achieving what is right. See to it that there is free play for the sound and unhampered judgment of Congress, and then you will indeed have brought to this country a new freedom." (Applause.)

MR. SPEYER: I am sure we are all very much indebted to Mr. Vanderlip for his very clear and broad-minded address. (Applause.) Gentlemen, the next speaker suffers under a disadvantage. We all have

had our holiday this summer, I believe, or most of us have, but the two gentlemen who have come on from Washington have had no holiday whatever. (Applause.)

They have been staying in Washington, not to attend to their own business, but they have remained there to work principally on this currency reform.

The next speaker is the man, who, through conscientious study and hard work, has earned his position as Chairman of the House of Representatives Committee on Banking and Currency. His presence here will be duly appreciated, as will his unselfish devotion to duty and his desire to serve his country.

I believe that the currency legislation which we all hope will be enacted without too much delay will bear the name of the Glass-Owen Bill. And Mr. Glass's name will be certain to occupy an honorable place in our financial history. Congressman Carter Glass of Virginia.

ADDRESS BY HON. CARTER GLASS,  
*Congressman from Virginia; Chairman of the House of  
Representatives Committee on Banking and  
Currency*

Mr. President and Gentlemen of the Economic Club of New York: I desire to express my great appreciation of the honor involved in your invitation to address you this evening upon some phases of the currency question. I regard it as an exceptional privilege. However, if you could remotely imagine how painful to me is this thing of making public addresses, I am

sure you would be a little willing to concede that my appearance here is as much of a compliment to you as was the invitation an honor to me. (Applause.)

You will readily understand that I am at the disadvantage of having no prepared address, for the reason that I could not know until I heard the addresses of those who preceded me upon what line of controversy I must venture.

Indeed, it is not exactly clear to me why I am here or what I am expected to say. For one thing I think acceptance of your gracious invitation may be ascribed to my very pronounced combativeness (laughter), and the other reason of my presence may be related to the persuasive influence of Mr. Robert Erskine Ely, the Secretary of the Economic Club. (Applause.) When Mr. Ely told me the House Currency Bill was to be assailed here to-night, although I was a little feeble of body and weary of the subject, I could not resist the temptation to appear in defense of it. Confessing to excessive diffidence, nevertheless I was willing to stand before even so distinguished an audience as this and, in the great metropolis of the country, speak for something I regard as right in economics and politically sound. (Applause.)

It was suggested by the first distinguished speaker of the evening that the present Congress could not produce a sound currency measure—or rather that it was not permitted to do so—for the reason that the Chairman of the House Committee on Banking and Currency had announced at the outset that no consideration would be given to the project of a central bank. For this reason, Professor Johnson says, he declined our courteous invitation to come to Washing-

ton and be heard on the subject of currency reform. Gentlemen of the Economic Club: I have never in my public life been able to differentiate political and personal integrity. I believe a man who is politically dishonest would, in an emergency, prove personally dishonest. I believe that a man who would steal his fellow citizen's vote would, in an exigency, pick his neighbor's pocket. Therefore, I think when a man stands upon the maturely considered and deliberately uttered declaration of a party platform, accepting his party's distinction and receiving the people's commission, he would be personally as well as politically dishonest were he to repudiate the platform upon which he was elected. (Applause.) Precisely for this reason did I announce to gentlemen appearing before the Banking and Currency Committee of the House that a majority of its members felt that they were precluded from the consideration of a central bank proposition, because the declaration of the Democratic party, recently made, and upon which we were elected, was antagonistic to such an enterprise. And I unhesitatingly say here to-night that, rather than subscribe to the central bank idea, having been elected upon a platform which advisedly and unmistakably declared against the central bank doctrine, I would resign my seat in the House of Representatives and, as an honest man should, return my commission to the people who sent me there. (Applause.)

I had not supposed, gentlemen, that all the provisions of the House Currency Bill were to be traversed here to-night. I had been lead to believe that the discussion would be confined to the two provisions of the Bill which relate to the question of control by the central

reserve board and to the character of the note issue—whether it should be a government note or, strictly speaking, a bank issue. Hence, the little time which I have had for thought since the discussion began has been employed upon these two aspects of the subject. I may assume that there is a fair enough knowledge here of the Banking and Currency Bill now pending in Congress to enable you clearly to understand that the chief purpose of the Bill is to correct the inelastic, rigid nature of our national currency and to cure the fictitious nature of the national reserve system under which we have been operating for the last half century.

I was a little interested in the truism uttered by the first gentleman who spoke (Professor Johnson) when he stated that banking and currency, like other economic questions, is a matter of evolution. Of course it is; and so is individual opinion a matter of evolution. For instance, if I am not much mistaken in my recollection of events, a little more than five years ago—to be exact, March, 1908—the distinguished professor who addressed you first to-night, appeared before the Banking and Currency Committee of the House in earnest advocacy of Fowler's scheme of asset currency, which was not vastly different from the regional reserve bank proposition now under consideration. Moreover, the gentleman did not then manifest any interest in a central bank such as he has so vehemently exploited here to-night. As I listened to his exposition of the House Currency Bill, it occurred to me that I would have to answer him in some detail and point out to this audience the vanity of his imaginings and the utter inaccuracy of his representations. But of this task I was quickly relieved by the distinguished president of

the National City Bank, whose calm, scholarly address anticipated some of the things which I would have said not nearly so well, and constitutes a complete refutation of the address made by Professor Johnson, albeit these gentlemen are supposed to be on the same side of the question.

We have in this country, as I have indicated, a rigid, inelastic currency system, vastly more responsive to the bond market than to the commercial or industrial requirements of any community. As a means of producing revenue for the conduct of the Civil War it was an eminent success; but long ago it had outlived its usefulness. In fair weather and in normal times it has furnished a satisfactory means of exchange; but almost decennially, whenever an emergency has arisen, it has utterly broken down, creating panic and carrying disaster to every part of the country. It was with a view to correcting this situation that for the last eight months we have labored industriously at Washington to construct a better system—one more responsive to the business needs of the United States and more conducive to the general prosperity of the country. We think we have, in a large measure, succeeded in doing this. The last speaker of the evening admits that the Bill is eighty per cent. good. So fair, in most particulars, was the distinguished gentleman, that I am almost willing to adopt as my own speech the greater part of the address awhile ago delivered by Mr. Vanderlip from this platform. (Applause.) Especially that part of his speech which so generously praised the work of the House of Representatives.

Under the existing system, the ability of the national banks of the United States, as far as the emission of

currency is concerned, to respond to the business requirements of the country, is measured by the aggregate amount of capitalization and by the condition of the market for two per cent. bonds with the circulation privilege. If the total capital of the national banks of this great metropolis is three hundred millions of dollars, that sum is the limit of their ability, in currency matters, to respond to the business needs of this community, though these requirements exceed ten billion dollars per annum. The House Currency Bill is based upon the idea of gradually substituting for this bond-secured currency, a currency based upon the nation's commercial assets and quickly responsive to the nation's commercial needs—a currency that will automatically issue when needed and inevitably retire when the business transactions upon which it is based terminate. It is the clearing-house idea accentuated, co-ordinated, and adapted to the necessities of the entire country. As a capstone of the system, we have provided the Federal Reserve Board at Washington, which some have denounced as a central bank in disguise, but which in reality furnishes the mechanism for mobilizing the country's reserves and centralizing, or rather utilizing, the entire strength of a system of units when necessity shall demand.

It is readily conceivable that there may be honest differences of opinion as to whether there should be four regional reserve banks or six or twelve. That is a question of detail and not of principle. I might venture to question the expediency of establishing as many as twelve banks to begin with. (Applause.) But, gentlemen, all legislation of a grave and vital character is a matter of compromise. The Bill passed

by the House recently did not in all details express my judgment; but it reflects the composite opinion of many men of many minds. In such matters the sensible man takes what he can get and does not refuse to accept anything because he cannot get everything. (Applause.)

There has been much dispute about the power conferred by the House Currency Bill upon the Federal Reserve Board. In the House Committee, in the Democratic party caucus, and upon the floor of the House, this feature of the Bill was terrifically assailed. And I desire to express my amazement at the turn the discussion has taken here to-night, because I confidently anticipated that, standing before this distinguished company of New York bankers and business men, I would be obliged to defend Congress against this charge of centralizing too much power in the Federal Reserve Board. But, singularly enough, I find it necessary to respond to the remarkable criticism that we have not vested the Federal Reserve Board with sufficient power. (Applause.)

Seriously, I would like, if I could, to get out of this maze of contradictions and this confusion of thought and find out, if possible, exactly what the bankers of this country really do want. To begin with, the American Bankers' Association unmasked all of its batteries against what was termed the extraordinary and dangerous powers of the Federal Reserve Board. It required no little ingenuity and some degree of courage to stand in committee, in caucus, and in Congress against these bitter criticisms by the bankers. And yet I come here this evening and find gentlemen who ought to be in touch with the American Bankers' Association, and who should know what the bankers of the country

desire, complaining that we have not given the Federal Reserve Board nearly enough power and that there is not enough centralization in our banking scheme. I think we have given the Federal Reserve Board ample power; but, in the cheerful and generous mood I am in this evening, if the American Bankers' Association will insist upon it, I am willing to give the Board a little more. (Laughter and applause.) That I am not afraid of bankers may clearly be indicated by the fact that some people down at Washington, whose radicalism I had occasion to combat, constantly identified me with the bankers, albeit I never stood behind a banking counter in my life. What I said to the House of Representatives in presenting the Currency Bill, that I say here this evening: "No man worthy to be a representative of the American people or to deal with problems of such magnitude could fail to be profoundly impressed by an obligation to be fair and just to every interest involved; and on the great issues now presented for consideration I would be no more willing to surrender my convictions to the populace than I would to the bankers of the country." (Applause.)

Touching the powers conferred by the House Bill on the Federal Reserve Board, do they constitute regulation or control? In my view, these powers in the larger sense relate merely to supervision, and only in a restricted sense, under specified limitations, do they signify control of the regional reserve banks by the central board. These powers are frequently spoken of as "extraordinary," but if you will examine them as they are enumerated in the Bill, you must conclude that this is not an accurate definition of them. They are not extraordinary. On the contrary, I assert with the

utmost confidence that there is scarcely a single power conferred by the House Currency Bill on the Federal Reserve Board that has not been for fifty years exercised by one or two government officials under the terms of the National Banking Act. I challenge any banker in this company to point out a single power in this proposed legislation that has not been exercised in some degree, or completely, either by the Secretary of the Treasury or by the Comptroller of the Currency.

The two powers that seem to have excited the serious opposition of the American Bankers' Association are: (1) those authorizing the Federal Reserve Board to compel one regional reserve bank to re-discount for another in time of emergency and (2) authorizing the Federal Reserve Board to suspend the reserve requirements of the proposed act. And yet each of these powers has been exercised by public officials for fifty years. The first mentioned power is analogous to the authority conferred by law upon the Secretary of the Treasury, in his sole discretion, to transfer the public funds from one bank to another and from one section of the country to another. That official may to-morrow, without question of authority, transfer every dollar of the government deposits from the banks of New York City to the banks of San Francisco, or from the banks of New Orleans to the banks of Boston. You gentlemen will recall that in 1907, when there was trouble here in your midst and financial distraction throughout the country by reason of the trouble here, the Secretary of the Treasury, in order to arrest the panic, took forty-three millions of dollars of the people's money out of the Treasury vaults at Washington and planked the whole amount right down in New York;

and nobody in this locality was then heard to complain of this exercise of extraordinary power. (Applause.)

The power of compelling one regional reserve bank to re-discount the prime, short-time commercial paper of another regional bank, is the vital thing in the Bill. It correlates the whole system by making it impregnable at all points. It furnishes that power of "mobilization" for which the American bankers have been clamoring for many years. It is the thing which they vehemently demanded, but could not get, and which, now tendered them, they proceed to assail. Expunge this provision from the Bill, and you largely destroy the effectiveness of the measure; for a vital proposition of the proposed legislation is to decentralize and disseminate the reserve strength of our national banking system in normal times, when no disaster threatens, but to marshal the entire strength of the system in time of stringency or threatened distress by compelling one or more regional reserve banks to aid another at the point of danger. The clatter about "confiscation" is absurd. I have little patience with it. There is nothing of that nature involved in this provision of the Currency Bill. No bank's property is taken away. Banks with abundant resources are simply required, upon ample security and at a greater rate of interest than usually prevails, *and only when a crisis is threatened*, to aid banks that are momentarily unable to weather the storm without assistance. There isn't the semblance of "confiscation" in the transaction.

The other power of the Federal Reserve Board which has provoked bitter remonstrance from the American Bankers' Association is that of suspending the reserve requirements of the proposed currency act. And yet,

gentlemen of the Economic Club, this is a power that the Comptroller of the Currency has exercised time and time again within the last fifty years under the National Bank Act. Why, not many days ago, one of the greatest bankers of the West, identified with eleven other men said to control the credits of the country, repeatedly admitted before the Banking and Currency Committee of the House that he had frequently gone below his legal reserve and that only last fall he had notified the Comptroller of the Currency that he intended going below the legal reserve requirement during the crop-moving period, as only in that way could he accommodate the requirements of business. And you bankers know very well that you frequently do go below the legal reserve requirements; and you know quite as well that there is no power on earth that can compel you to restore your reserves in a less period than thirty days, and that only after formal notice from the Comptroller of the Currency. In the one case all that the House Currency Bill does is to permit the Federal Reserve Board, of which the Secretary of the Treasury is a member, to require the temporary transfer of funds upon collateral security from one regional bank to another—a power practically exercised by the Secretary of the Treasury alone for fifty years—and in the other case, authorizes the Federal Reserve Board, of which the Comptroller of the Currency is a member, to suspend the reserve requirements—a power hitherto exercised by the Comptroller of the Currency alone for fifty years.

I have been much puzzled by the startling inconsistencies of the criticism leveled at the House Currency Bill. At the very moment when Mr. Forgan at Washington was proclaiming that it would "tremendously

curtail commercial credits," Mr. Dawes at Chicago was insisting that it would "enormously inflate commercial credits." How, in the name of sense, could it do both things at the same time? And here to-night, Professor Johnson has objected that we have placed the ownership and management of the regional reserve banks in the hands of the bankers, while the bankers are threatening the defeat of the measure because their ownership and management is so broadly restricted!

We make no apology to the critics of either class. The stock-holding banks own the regional institutions, and, therefore, are entitled to the majority representation in the management of them. The people of the country, through their government at Washington, will deposit immense funds with the regional banks and should be entitled to minority representation in the management of them. Thus the genius of justice pervades the proposed legislation from one end to the other. Notwithstanding this, the American Bankers' Association at one extreme decries the House Banking and Currency Committee as populist in its tendencies, while the populists and Professor Johnson deride it as monopolistic in its tendencies. It is neither. The bankers have all the control to which they are entitled and the people have such representation as they should have.

As to the composition of the Federal Reserve Board, that is a vastly different proposition. The major duties of the Board relate to supervision rather than control of the system. The purely banking functions are left with the regional reserve banks and the member banks of the system. Both the member banks and the regional reserve banks will grant millions of dollars of credit

without reference to the Federal Reserve Board or without its knowledge. The Federal Reserve Board will simply define the kinds of paper which the regional banks may accept for re-discount and will issue currency to the regional banks for commercial purposes upon stipulated conditions. But there is nothing in the proposed law that will interfere with the independent spirit of American banking or that subjects the business of individual banks to unreasonable restriction or espionage. The Federal Reserve Board is a government institution. It is to supervise this new banking system; and while the plea for "banker representation" upon this Board is plausible, it is not really defensible. I first thought it was, and said so. Upon reflection, I thought it was not, and confessed my error.

There is no more reason why the bankers of the country should elect members of the Federal Reserve Board than that the railroads of the country should elect members of the Interstate Commerce Commission. The control of the Federal Reserve Board over banks is not near as great as the control of the Interstate Commerce Commission over railroads. And yet we have this great outcry about "the excessive power of the Federal Reserve Board." Senator Aldrich not long ago assailed the power of this Board as exceedingly dangerous; and yet I seem to remember that his name is attached to a piece of legislation known as the Vreeland-Aldrich Act, under which the Secretary of the Treasury is authorized, in his sole discretion, to issue five hundred millions of dollars of emergency currency; and, in his sole discretion, to pass upon the six hundred and twenty-five millions of dollars of commercial assets to be held as security for this issue! Talk about power! Mr.

Aldrich was willing to commit this tremendous power to the Secretary of the Treasury alone, but now carps and criticises and complains because this House Currency Bill confers the same power on the Secretary of the Treasury in conjunction with six other men to be appointed by the President of the United States. (Applause.)

Now we come to the question of note issue. There are two conflicting schools of thought on this subject—one contending that it is a proper function of government to issue the currency and the other that it should be issued by the banks. I do not hesitate to say here, what I have said elsewhere, that I believe in the bank-note issue (applause), but legislation is a matter of compromise; and here again I had to consult the opinions of others. (Laughter.) There are twenty-one members of the Banking and Currency Committee and four hundred and thirty-eight members of the House, and naturally my judgment could not prevail in all matters. If I may be permitted to quote again from the speech which I made in the House in presenting the Currency Bill, I said then:

“To those who advocate government issue, it may be said that we have it here in terms, with discretion in the Federal Reserve Board, to issue currency upon application or to withhold. To those who contend for bank issues, we may say that, in the practical operation of the system, you have it here; because only upon application of the bank can the government issue. To those who affect, or sincerely entertain, solicitude for the government's credit, it may be pointed out, as a practical fact, that the security behind the notes here provided is many times more than sufficient to protect the govern-

ment before the note-holder would reach the Treasury counter."

Thus, gentlemen, we have yielded to the sentiment for a government issue, but retain the substance of a bank issue. The section constitutes a compromise; it provides a composite note, but no man here can put his finger upon a solitary element of unsoundness in it. (Applause.)

These notes have been characterized as fiat money. Why, gentlemen of the Economic Club, unless I am ignorant of terminology, there never was a greater misapplication of the word than that made by the president of the National City Bank. Mr. Vanderlip cannot appeal to a single lexicographer in the world to justify his definition of this currency as "fiat." He can't get the concurrence of one per cent. of his own American Bankers' Association to sustain his characterization of this note issue as "fiat." He cannot even appeal for justification to the financial writers of the newspapers in his own town. What is "fiat" money? It is irredeemable paper money with no specie basis, with no reserve, but the value of which depends solely upon the power of the government issuing it. There never was a note issued by any government of the civilized earth that exceeded in security or soundness the note provided by this House Currency Bill. (Applause.) It has a gold reserve of thirty-three and one-third per cent. behind it. It has behind it one hundred per cent. of commercial paper that must pass the scrutiny of the individual bank first, of the regional reserve bank next, and finally of the Federal Reserve Board at Washington. (Applause.) It has the double liability of the stock-holding banks behind it. It constitutes a first and paramount lien on

all the assets of the regional reserve bank; and, in addition to all this, it has behind it the credit and honor of a nation of ninety-five millions of free people. (Applause.)

I shall not engage in an academic discussion of government note issues; but I may say that the chief practical objection to a government issue is the tendency to inflation. Under this House Bill this vice is guarded against in every conceivable way: by the requirement of a substantial gold reserve; by the secondary reserve of dollar for dollar of prime commercial paper; by the inability of the Reserve Board to issue notes except upon application from banks; by the interposition of banking instinct and experience, applied in a three-fold degree. (Applause.)

A great New York banker, with an acute mind, accomplished not only in his profession but otherwise, soon discovered what Mr. Vanderlip seems not yet to have found out. I refer to Mr. Paul M. Warburg, who said in the *North American Review* last month that this note issue might be sentimentally called "a government issue, but in practical operation they are bank-notes of the soundest character." (Applause.) And it may be said here that, while the distinguished president of the National City Bank was in Chicago characterizing these notes as "fiat money," Mr. Warburg, the great international banker, was in Washington declaring that the security behind the notes was "*entirely too exacting.*"

They are government notes in that discretion is lodged with the Federal Reserve Board to issue them or not, as the collateral presented may be deemed sufficient or insufficient. They are government notes in that the

government can control the maximum of issue, albeit it cannot issue one dollar except upon application of the banks. They are government notes in that the government guarantees them and provides for their ultimate redemption.

The gentleman who preceded me avers that "there is no machinery provided for redemption." The Bill most distinctly requires that five per cent. gold reserve shall be kept by the banks in the federal Treasury at Washington for current redemption of these notes; and, inasmuch as it appears from past experience that five per cent. is not sufficient for the redemption of the national bank-notes, it is now proposed to so amend the Bill as to increase the amount to a sufficient sum for current redemption. Isn't that machinery for the redemption of the notes? (Laughter and applause.)

But, gentlemen of the Economic Club, what we have done in this Bill is to make the banks primarily responsible for the redemption of the notes. They are to provide forty per cent. gold reserve for the redemption of the notes. In contrast, the Canadian system of redemption is not in it with the system we have provided here, because in addition to the gold reserve, we exact a tax of ten per cent. against every bank that shall pay out a dollar of the notes of any other regional reserve bank. Where reserve bank No. 1 comes into possession of notes of bank No. 2, it drives them back to federal reserve bank No. 2 promptly. Isn't that "machinery for redemption?" My amazement at these utterly inconsiderate and groundless declarations makes me tongue-tied when I come to combat them. (Laughter and applause.)

You talk about the haste and inconsiderateness of

“politicians” and their disregard for the business man and for the banker. The fact of the matter is that we have had so much regard for the opinions of bankers that I am almost afraid to disclose the processes of this Bill. Why, the Bill was framed only after two months of hearings before the House Committee, at which Hepburn and Wade and Wexler and Warburg and other prominent bankers throughout the country were heard as well as text-book writers, business men, and nearly every organized American interest.

We did not first fabricate a bill and then ask bankers and business men to criticise it; but we asked them to come and tell us how to build, and we built on their testimony, extending over a period of two months. Then what did we do? After we had built it, did we ignore the bankers? Why, no. The first people to see the Bill after we had drafted it was a committee of the Currency Commission of the American Bankers' Association. They went over it in detail here in this very hotel in New York City before it was even introduced in the House of Representatives. And yet they talk about “the haste and the inconsiderateness” of the judgment of the business interests and the banking community of the country!

Then, we have issued “fiat notes!” Well, let us see if we have issued fiat notes. I invite your attention to this report made on the Bill, handed to me by the Currency Commission of the American Bankers' Association, before the Bill had been introduced in the House. What sort of notes did this report provide. Here it is:

“The issue is hereby authorized of federal reserve Treasury notes *which shall purport on their face to be the obligation*

*of the United States* and shall be receivable for all taxes, customs, and other public dues."

That was the recommendation of the Currency Commission of the American Bankers' Association, with their names signed to it and their pictures printed on this sheet of paper in my hand. (Applause.)

Ah, gentlemen, has this heresy of "fiatism" invaded the inner shrine of the temple and corrupted the high priests at the altar? Why, the fact of the matter is, I would like to know what the bankers *do* want! They adopted unanimously the Aldrich scheme which gave a maturity of only twenty-eight days to commercial paper available for re-discount at the regional reserve banks. We increased the period of maturity to ninety days, and yet they have induced the country bankers to believe that they have no such paper in their vaults and, therefore, cannot avail themselves of the re-discount privileges!

Next, these big bankers gravely tell us they detest this thing of "compulsion." And yet, my friends, the only difference between our bill and the Aldrich Bill is that we compel the national banks, in plain terms, to come in, while the Aldrich Bill made it impossible for them to stay out. (Laughter and applause.) In other words, we tell the national banks that we are constructing a great national banking system under which they will be permitted to take care of the business of this country with a currency based on commercial assets rather than on government bonds; and if you want to come in, you are at liberty to do so. If you don't come in, you have got to get out of the national banking system. (Laughter.)

Why, the Aldrich scheme did the same thing in a different way. It made it impossible for a national bank that had its funds invested in United States bonds to stay out of its federal reserve association. It did precisely what we propose to do: it gave the national banks just one year to come into the system or else sustain a tremendous loss upon their bond investment; for the reserve association was not obliged, under the terms of the Aldrich Bill, to buy one dollar of United States bonds from banks after the expiration of one year. Hence, I say the only difference between the two bills in this respect is compulsion in plain terms and inevitable reprisal. (Laughter.)

And thus, gentlemen, the inconsistencies of these criticisms persist. Another which occurs to me at this instant is involved in the singular attitude assumed by the distinguished president of the National City Bank who preceded me here to-night. Mr. Vanderlip came down to Washington the other day with a little bill of his own (laughter) proposing the establishment of a central bank on a contingent basis. (Laughter.) By his plan, the bank might be entirely owned by the government or jointly by the government and the public. If owned by the government, I should like somebody to define for me the difference between such a bank's notes and a Treasury note issued by the government. In the last analysis would not the responsibility be identical? If so, we see Mr. Vanderlip practically advocating a government issue in less than ten days after he vehemently denounced a government issue. Then again, this distinguished gentleman vigorously decries that feature of the House Bill which is said to involve "compulsion"; and yet the bill proposed the

other day by Mr. Vanderlip provides that "the public may subscribe to the stock" of his proposed central bank; but, in case the public does not subscribe then "the national banks *shall be required* to subscribe to the stock." (Laughter.) If that isn't "compulsion" I should like to know what it is?

The House Bill is bitterly assailed because it provides that the bank reserves shall be in "gold or lawful money." A large part of the public has been induced to believe that we are not only proposing an insecure currency, but are trying to forsake the gold basis merely because we employ the term "gold or lawful money." What utter insincerity this seems to me. The very men who carp and criticise in this fashion unanimously endorsed the Aldrich scheme which used this precise term of "gold or lawful money." Not only that, but the five hundred millions of dollars of asset currency authorized to be issued under the Vreeland-Aldrich Act, in the discretion of the Secretary of the Treasury alone, provides for redemption in "gold or lawful money." Do you not see that we have simply repeated the phraseology of existing statutes and that the pretense that the House Bill seeks to abandon the gold standard is positively discreditable to those who make use of it?

Is this country on a gold basis? If not, why have we pretended to be since March 14, 1900? Do these critics mean to tell me that, after Cleveland's triumphant fight for the gold standard, the party which succeeded to the reins of government deliberately betrayed the cause of sound money and failed to actually put us on a gold basis? The criticism of the House Bill for the use of the exact phraseology of existing federal

statutes involves a confession of just such treachery. At all events, if we are not on a gold basis, I am in favor of getting there as quickly as possible. (Applause.) If the phraseology of existing statutes is a pretense, I am willing to strike out the term "lawful money." (Applause.)

Adverting to the constitution of the Federal Reserve Board and the failure to permit the banks to elect a given number of its members, I want to say that the objection is more plausible than real; at first it seemed so fair that I readily agreed to the proposition myself and in the first draft of the Bill provided for minority representation of the banks. Indeed, when the President of the United States in conference with the proponents of the House Bill expressed the conviction that the banks should have no representation upon this board, the avowal so disturbed me that I did not sleep a wink that night. And the very next morning, from my room at the Raleigh Hotel, I sent the President a strong appeal for a review of the question and a different decision. I told him that I thought a denial of minority representation for the banks constituted an essential injustice and was, besides, politically inexpedient. You will observe that I was pretty confident that I knew more about it than the President. (Laughter.) I soon found out that the President knew more about it than I. (Applause.) Three days thereafter a committee of eminent bankers came to Washington—such men as Reynolds, of Chicago; that insinuating friend of mine, Sol. Wexler, of New Orleans, who was to have been here to-night, and is not, and to whom I would like to say a few things before this audience (laughter and applause); John Perrine, of Los Angeles; Festus Wade,

of St. Louis, and Edward L. Howe, of Princeton. I headed the procession to the White House, confidently expecting to convert the President to our view. After hearing the committee patiently and seriously, the President turned and quietly, but firmly, challenged the committee to point to a government commission in the United States or any other civilized country of the earth upon which private interests had representation. The bankers were dumb and I was converted. There would be just as much reason in the contention that the railroads should name members of the Interstate Commerce Commission as to insist that the bankers should name members of the Federal Reserve Board.

I am told that there is no analogy between the Reserve Board and the Interstate Commerce Commission; but there is, the difference being that the Interstate Commerce Commission exercises vastly more power over the railroads of the country than the Federal Reserve Board, under the House Bill, can exercise over the banks of the country. When the question was up for discussion in the House, I was asked if the Interstate Commerce Commission could compel one railroad to permit the use of its property by another. Why, certainly it can and does every day. It can compel one railroad to permit the use of its rolling stock by another. It compels the joint use of equipment all over the country every day. It can compel a railroad to take a class of business which it does not want and to haul which is not especially profitable. It makes and enforces joint traffic rates and arrangements regardless of whether the railroads approve such rates or desire such arrangements; and yet no railroad president nor railroad general manager is a member of the Interstate Commerce

Commission. And no bankers ought to be permitted to select members of the Federal Reserve Board. Moreover, they are not going to be permitted to do it. (Laughter and applause.)

The actual danger is that there will be too many, rather than too few bankers on the Federal Reserve Board under the terms of the law. The Secretary of the Treasury is not infrequently a banker; the Comptroller of the Currency is almost invariably a banker; the President is required to name "at least one man of banking experience" among the members to be designated by the Executive, and he is permitted to name all bankers if he should please. So, in my view, the danger is that we shall have too many bankers on the board.

I am admonished that my time has about expired. (Cries of "Go on.") No; I cannot continue. It would be a breach of the proprieties. I may not be able to learn what the bankers of the country really want (laughter and applause), but I think I know when to stop. I realize, gentlemen of the Economic Club, that it is no compliment to this distinguished audience, as it is no credit to myself, that before coming here I did not prepare a concise, logical defense of the House Currency Bill, so that my address might have been characterized by some evidences of scholarship and have proven a distinct credit to this company and to myself. But I may be acquitted of any intentional discourtesy when I seriously tell you that the failure was occasioned by incessant work and occupation on this great theme and enterprise of banking and currency reform. (Applause.)

Permit me, in conclusion, again to express to you my

indebtedness for the compliment of your invitation to be here. I return you my sincere thanks for your courteous reception and express again my regret that I have been unable to explain in greater detail and lucidity the provisions of what I frankly believe to be the best scheme of currency legislation ever enacted by the Congress of the United States.

The Bill has passed the House. It will soon pass the Senate. It will have the approval of the President. It will prove a blessing to our entire country; and, sooner or later, you who have done me the honor to hear my address this evening will thank us for having enacted the law. (Applause.)

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**TWENTY-SIXTH MEETING**

**Monday Evening, January 19, 1914**

**HOTEL ASTOR**

**SUBJECT**

***WOMAN SUFFRAGE***

**SPEAKERS**

**SENATOR HELEN RING ROBINSON**

Member of the Upper House of the Colorado Legislature

**MRS. A. J. GEORGE**

Field Secretary of the Massachusetts Association  
Opposed to the Further Extension of Suffrage to  
Women

**DR. STEPHEN S. WISE**

Rabbi of the Free Synagogue

**HON. CHARLES S. FAIRCHILD**

Formerly President of the State Charities' Aid Association;  
Secretary of the Treasury in President Cleveland's Cabinet

**JAMES SPEYER, *Presiding***  
President of the Club

## WOMAN SUFFRAGE

### ADDRESSES

#### INTRODUCTORY REMARKS BY THE CHAIRMAN

MR. SPEYER: Gentlemen of the Economic Club: First of all, I wish to welcome the ladies (applause) who are honoring us with their presence to-night. This is the first ladies' night the Economic Club has ever had. I am almost willing to predict that your Committee will be tempted to repeat the exception we are making to-night. (Applause.) Certainly the great banquet hall of the hotel has never looked handsomer than it does this evening, and I am particularly happy to be your President. It is the rule of this Club—I say this for the benefit of the ladies—to hear important questions of the day affecting the political and economic life of the nation discussed by competent speakers, and to hear both sides of the question. I know most of the men come to these meetings with open minds. I do not know whether I can say the same thing of many of the women who are here to-night (laughter), for on looking around this room I see some very determined women (laughter) who do not seem inclined to avail themselves of the privilege that we men think women have; that is, of changing their minds.

The question whether women shall have the right to vote just like men may become of special and actual importance with us in New York ere long. Last year the legislature of this state voted that the question of woman suffrage be submitted to a referendum vote. It is necessary that the next new legislature shall also pass its vote in favor of the referendum. The next legislature will convene in January, 1915. If it also votes in favor of the referendum, this vote will be taken by the people at the state election in November, 1915. The result of that referendum will not of itself alter the state constitution, but will give the legislature the right to alter it.

A French philosopher of the last century has said, "Les idées font les passions," and it certainly seems true that if men—and may I say more especially women—become possessed of one idea, it becomes almost a passion with them. But this is an important question, although I do not believe that it will ever become the burning issue here that it has become in England, because American men and American women and conditions generally here are different. While I am quite willing to agree that it is an important question, I do not feel that it is quite as important for the welfare of the nation as many suffragettes and suffragists and some antis think it is. We like to look at it as one more hopeful sign of the times, as another manifestation of that keen desire to improve social conditions, which is uppermost in the minds and hearts of all forward-looking men and women of to-day. (Applause.)

Ever since the world existed—I am not going back quite that far—ever since the world existed, men and nations have been trying to better their own conditions;

at first, trying to do so by fighting and killing each other, if necessary. It was simply a craving for increased domains and material possessions of one kind or another. Sometimes they even fought for women. (Laughter.) Later, as civilization progressed, came the great fight for religious liberty and equality, and many lost their lives in that struggle. Then, after the middle ages and in modern times, came the great struggle and fight for political equality, and a good many lives were sacrificed in the French Revolution; and next came the effort to gain universal suffrage as we men conceive it, which most civilized countries now enjoy. Since then, modern industrial conditions have brought on the so-called struggle between capital and labor, with the desire to see the proper equilibrium established and better conditions for the workers and their families. It will take many years before the equilibrium between capital and labor will be established, but the question will be solved, and in no country sooner or better than it will be in the United States. (Applause.) I predict that it will be solved by us, not, as some fear, by force and bloodshed, but by peaceful means, through wise and progressive legislation by representatives of our great nation elected by the ballots of a free people!

Now, there are some women who think that if they could vote like men, they could render more efficient help and assistance, not only in bettering their own (women's) lot, but assist more effectively in furthering civilization through education and social betterment work. There are others who think that women will be better off without the ballot, and without being put on an equality with men in this respect, and they believe that our nation will continue to make

fairly satisfactory progress even if women do not get the vote.

Now, ladies and gentlemen, the members of this Club know that the President of the Club, while he holds office, like the President of the United States, must decline to express any definite views on this question (laughter), and, as a matter of fact, I keep my own personal views to myself, because sometime, maybe in the far distant future, I may want to run for some public office, and I shall want the votes both of the suffragists and of the antis. Of course, there are some women who are so determined that they may then force me, as they have forced other candidates for political office, to declare myself one way or the other; but, in the meantime, I am going to sit on the fence, anyhow, to-night, and assure the speakers on both sides of the question not only of fair treatment by me, but of a very sympathetic audience as well.

At the last meeting of the Club we heard the currency question discussed by some of the most prominent experts in that field. It is less than ten weeks ago, but since then that question has been settled by legislation in Congress, for the Currency Bill, which promises to be fair to all interests all over the country, has been passed, and the country owes a debt of gratitude to President Wilson and his co-workers. (Applause.) Nobody expects that the woman suffrage bill will be passed within ten weeks after this meeting; but I am sure that we all shall remember with equal pleasure the eminent speakers whom we are going to hear to-night.

By rights the first speaker of the evening is a woman, but she is no ordinary woman. She is the first and

only woman senator in the United States. A year ago last November she was elected to a four-year term in the State of Colorado, party lines being obliterated. The Colorado legislature meets once in two years, and she is able to lecture in the East because this is an off-year in Colorado. During the first session of the legislature she was made Chairman of the Committee on Education and Educational Institutions and a number of other committees, and she took a prominent part in securing the passage of many important measures, among them the minimum wage law for women which bears her name. I have great pleasure in introducing—I hope I get this right—the Honorable Helen Ring Robinson. (Applause.)

ADDRESS BY HON. HELEN RING ROBINSON,  
*Member of the Upper House of the Colorado Legislature*

Members and Guests of the Economic Club: I judge from the remarks of the Chairman of the evening, or rather from your response to one reference of his, that all of you have heard of the English militant suffragists, those women in England who are throwing stones, in the judgment of some people, not wisely but too well. Now don't be alarmed. I am not going to talk about the English militants this evening. I am not going to discuss whether those men and women over there, the militant suffragists, are, or are not confusing antics with tactics, as men politicians often confuse them. I am not going to refer to an argument that I hear—I actually hear—has been seriously advanced, and that is that the behavior of a small group of English women should be considered as a reason for keeping millions

of American women from obtaining the ballot. (Applause.) No, I shall not touch on that phase of the subject, because, being quite grown up, I have put away childish things. (Laughter and applause.) I only refer to that subject or to that name, "militant suffragette," in passing, because I want to bring before you, by contrast, to-night, an entirely different body of English vote-seeking women, a group that has chosen for its name not "militant," but "spiritual" suffragists, their only weapon, as their title shows, being the sword of the Spirit. I do not know how many men and women are brought in this group of vote-seeking English "spiritual suffragists" any more than I know how many are enlisted under Mrs. Pankhurst's banner. But this I do know; this I do learn from meager press reports: that the society of English spiritual suffragists to-day is rapidly increasing its membership by scores and by hundreds, and we know its influence across the water is also increasing mightily, because to-day in that island kingdom there may be heard in venerable cathedrals, as in crumbling old village churches, a new office of prayer, incorporated into the service with the full consent of various English bishops, a form of prayer entitled "A Service of Intercession for the Honor of Womanhood." And so to-night, instead of trying to bring before you any academic arguments, I ask you to listen to me while I set before you a few actual facts, garnered by my experience of twenty years as a voting woman; and I bring them before you to-night, so far as, God helping me, I am able to present them, as my service of intercession for the honor of womanhood.

Barring myself, as I thus have, absolutely, from giving you arguments, of course I can not have recourse

to-night, as I might like, to perhaps the most valid argument of all, why we women should be placed on an equal plane with men through the possession of the ballot, which is the sign and symbol of that equality. In other words, I cannot give you the good old argument of democracy. I cannot even give you it in the form in which it was put forward a few weeks ago, not by a group of "hysterical women" seeking the ballot, but by a committee speaking before the greatest law-making body the world knows; in other words, by a Senate committee in the Capitol of the United States, when the Senate Committee on Woman Suffrage declared in its report to the United States Senate:

Suffrage is simply a tool in the hands of the people for the fashioning of that people's civilization. The people includes women, who cannot be denied those political privileges and responsibilities which men claim and assert for themselves without doing violence to the fundamental principles of our government.

I repeat that this is not a "woman's argument." This is the argument of democracy as just put forward by one of the committees of the United States Senate.

Barring myself, as I have, from argument, I likewise cannot bring before you to-night that poignant argument which is part of the democratic argument; that is, the argument of the eight or nine million women—they are variously estimated—who have left their homes and are toiling in industry, many millions of them, in order to keep up their homes, women who work in competition with men who have the full right of the franchise. And remember fifty thousand of these women

in the State of New York alone are supporting not only children, but husbands as well.

Now, having cleared the ground a little, I come to my facts. And the first fact is this: that through the vote as an instrument, women to-day are seeking new means, the modern means, for fulfilling their nature. They are not seeking means for violating that nature. Have some of you men been impressed by a certain restlessness, a certain explosiveness in the world of women to-day? What wonder? All the old molds of "woman's sphere" and "woman's nature"—man-made—are cracking, are shattering because they are to-day too narrow, or perhaps I would better say too rigid, for what the push of circumstance is trying to force into them. That is the reason for the explosions. No man who understands history or biology, or who reads the modern press or magazines, but must know that the great change in the status of women—the economic, industrial, social, and educational changes—is what has caused the demand for a corresponding change in her political status. That is the whole story—simply a demand for a re-adjustment. If I may change my image and broaden somewhat my meaning, the demand for the vote for women is simply a desire to clear out of the channel an obstruction, a barrier which prevents, which impedes, the smooth onward progress of the woman movement, which is also, we must understand, the human movement. And I do not believe to-day any good man here or elsewhere, or any thinking woman, could oppose the extension of the franchise for women when we understand, as we must understand, that it is only a demand for a re-adjustment to cure the present mal-adjustments of society and the woman's position in it. I say I do not

believe any good man or any intelligent woman could oppose that re-adjustment if he (and with a delicacy that all women who oppose the granting of the franchise to their sex will appreciate, I mean the masculine pronoun to include the feminine as well) did not have somewhere in his mental baggage a double standard. Now, I am not talking about a double standard of morality just at present, but a double standard of justice for men and women, a double standard of fair play for men and women, and a double standard of common sense. (Applause.)

And speaking about common sense, I am reminded that there is a good deal of nonsense talked on the subject of suffrage as well as on the subject of anti-suffrage. The votes in the hands of women will not bring a new heaven and a new earth right away. At least I have not found it so. It will not change human nature in a moment, in the twinkling of an eye. It will not even convert the stripes of the Tammany tiger into a halo. (Laughter.)

So also there is a great deal of piffle and patter—and when I say piffle and patter, since you may not be familiar with those crude western terms, I should explain that in pronouncing them the “p” in both cases is sounded hard, as in “punk” (laughter)—there is an enormous amount of nonsense talked in regard to the differences between men and women. Why, only two or three weeks ago I picked up an anti-suffrage argument which proved conclusively, at least to the satisfaction of the person who wrote it, that women should not have the ballot, because they are pitifully inferior to men on account of the by no means favorable amount of carbonate of lime in their bones. (Laughter.)

Why, do you know we women have only four and fifty-two hundredths parts of carbonate of lime in our bones while men have nine and ninety-eight hundredths parts of this mineral in their bones? When I read that, and I learned that on account of the composition of their bones, women are not able to vote,—though they are still able to scrub,—I naturally lost all hope in the woman movement. But the next morning with renewed courage I continued my scientific investigation and so learned that lions have only two and five-tenths parts of carbonate of lime in their bones, while chickens have ten and four-tenths parts! (Laughter.) You see, the conclusion is irresistible that women are more like lions and men are more like—oh well, never mind!

We men and women who have got beyond "Primer Lesson I—Bones" realize that the resemblances between men and women—their common human qualities, in other words—are far more numerous than their differences. But this fact remains: that through the hundred thousand years at the lowest estimate, in which women on this planet have undergone the physical fact of motherhood, they have developed in them certain passionate interests which they feel in a manner that men cannot and do not feel, on account of the different physical experiences of men. Among these interests which women feel more deeply and more strongly than men, I mention two because these two should have a strong bearing on the question of the women's votes and what they may do with them. One is the passion for conserving human life, for conserving human happiness. I say that with a full understanding that there are women who are cruel, and as cruel as any man;

that there are women who are hard, as hard as any man. But the mass of women instinctively have developed a certain tenderness in regard to human life, because instinctively we women know with what pangs of agony through all these ages human life on this planet has been brought forth. And in the same way women have come to have an interest in the home that men do not have and cannot have. We have it not merely through our own volition. We have it because the dead hands of uncounted generations of home-making women, our ancestors, and the tiny fingers, the baby fingers of countless generations waiting to be born, are alike, the dead and unborn, pulling at our heart-strings, urging us by all the forces in our power to do our best to conserve, to keep, to magnify the homes of the world, the mothers' home, in which home also there are many mansions. (Applause.)

Now, as a result of these two thrilling, passionate feelings that women have, the woman's force, the woman's value in matters of politics are felt and must be felt to-day, because our whole character of government is changing. In the old days when the saying originated that politics and voting were not woman's sphere—by the way, out in Colorado we don't call voting a sphere, so we just call it a parallelopipedon (laughter)—in those earlier days of voting, government had only to do with making war and collecting taxes, and a few other similar matters. But now government has become individualistic and humanitarian in all its interests, in all its departments. Government to-day is devoted to what? To the conservation of human life, to the conservation of human happiness, to the husbandry of strength, to constructive efforts toward

the social welfare. That is what government means to-day in the large, true sense of the term.

Then how about the women to whom all through the ages this conservation of life, this conservation of happiness has meant so much more than it can possibly mean to men? For the state's sake, for the city's sake, this—what I may call this sex specialization, this knowledge, this special interest in human happiness—should be brought into the voting electorate. People will say, "Oh, but it will only double the vote." That is not the question. It is a question of bringing two different viewpoints together. You add to the woman's point of view the man's point of view. You bring to all questions of humanitarian measures the woman's point of view as well as the man's point of view; and mathematics may tell you that you multiply one by two. Mathematics is a fool! By bringing these two points of view together—you produce results that are many times two times one. And so with the home. Can you dare shut out from government to-day, in this day of specialization, the women who have been through uncounted generations specialists in home-making? All the departments of the city government to-day were once the housewife's duties. What is your city government to-day? It is the housewife's business carried over to the city hall. The question of politics to-day, the question of city government to-day is a question of city housekeeping in which women want to have a share because they know more about these things than you men do, God bless you! (Applause.) It is not your fault; you have done the best you can, I doubt not. Men all over this country are—even in matters of city government—doing the best they can, where the women

vote and where the women do not vote. . But you don't know enough, I repeat. You have proved that you don't know enough to undertake city home-keeping alone. You need a specialist in home-making to help you. In other words, you need women as partners in the business of city housekeeping. You need women in city housekeeping for the good of the city, just as we women need men in our individual home-making for the good of the home. The woman's place is home—part of the time (laughter), and so is man's place home,—far, far more than he is in the habit of being there. (Laughter and applause.) And—remember I'm not arguing—I'm telling you things—it is actually just as pernicious to treat the city government as if it were solely the business of one sex as it is to treat the home government as if it were wholly the business of the other sex. It is the man and the woman together, in the perfect home, and the man and the woman together in the city, in the state, in the nation.

But now I haven't yet touched my facts of greatest consequence. I have only given you a few matters dealing with expediency. And here I dare declare without fear of challenge that in the states where, through long custom, equal suffrage has become, like Boston, a state of mind—that the woman's influence in all matters of humanitarian legislation, in all matters of home-making, city home-making, city government, has been worth ten thousand times the cost. So much for expediency.

And now to the bigger fact—or facts. Then I am done.

Your women who want the vote want it because they can help you at the polls, because their knowledge of life

conservation and of home conservation will be a help to you, and because they want to help you also in those matters in which, judging from past evidence, you may specially need some help. We don't want to give up our city housekeeping any longer entirely to the tired American business man! We think he has plenty of other things to do. But if there were no argument at all for the vote in these things that I have been touching on,—particularly the woman's influence in matters that affect the home and the woman's influence in humanitarian legislation; if there were no argument in democracy; if there were no argument in the eight or nine million women—those women in industry, who, if they went back to their homes to-morrow would stop every wheel of industry in this country; even if there were nothing, I repeat, in these arguments, one other fact would remain, and that is the effect on women, in the suffrage states where men and women vote together. Things are happening there that are of far greater consequence than any legislation effected by the votes of women; and these are the things that are happening not to the state in consequence of the women's vote but to the women themselves on account of the women's vote. And as a result of twenty years of franchise, with men and women standing together, I can relate some of those things that are happening there.

First, the spiritual dignity of women is increasing and must increase. That, you know, was the great argument of G. Bernard Shaw, who said that women should have the vote for the sake of their spiritual dignity if for that alone. It was in that same speech he declared in cherishable words that he believed in woman suffrage as he believed in the life everlasting.

Second, the vote is helping us voting women because it is increasing our intelligence, and some of us feel that that it is not a bad thing to do for women. That is the reason I am so anxious the anti-suffragists should have the vote! One of the people at the table with me this evening said he didn't think women were intelligent enough to vote. Now what is it that makes that man more intelligent than the average woman may be? It is because his working relations with life have been larger; it is because the working relations of men with their environment are fuller and freer than are the working relations of women. Give the woman the vote because by means of this vote she can more easily and surely establish true working relations with her environment—and we all know that that is the secret of growth, that that is the secret of development. Do you know why the clam has never evolved a civilization? It is because it has never been able to re-act on its environment. We women out in the suffrage states are re-acting.

And the third argument for the vote for women is the argument of the more equal comradeship between men and women, the higher, truer comradeship that comes, and can come only in states where equal suffrage has become, as I said before, a state of mind. We men and women are equal out there, and through the years that have passed since we became equal before the law, there has developed this spirit of equality, this gradual abolition of the prejudice of sex that is the most splendid result of the votes for women. And why should not we women out there be proud and glad of that equality? And the men, I believe, are proud and glad of it, too. We women out in the West—out in God's country—are the descendants of the pioneer woman that traveled

across the desert, and across the distance, with her man. Indeed we can go still farther back. As Olive Schreiner said, "We are the descendants of those old, free Teutonic women who twenty centuries ago plowed their way through European forests and morasses beside their mate." It is the cry of the old, free, northern women, repeated in the cry of "Votes for Women!" that is filling the earth to-day. And why did those northern races conquer as they swept onward in irresistible force? They conquered because in very truth the woman did walk beside her mate. And why did the southern races fall before the northern tide? I will tell you. They fell because through the same false ideals that are being held up before American women to-day by anti-suffrage writers and speakers—the false ideals of an over-sex specialization—women had become inferior beings, rabbit-hearted women from whom rabbit-souled sons were born. No race, northern, southern, eastern, or western has ever risen higher than its womanhood. (Applause.)

And so we women—this is the whole philosophy of the suffrage situation—we women, who in heaviness and anguish shape in our bodies the new generation, ask that we may also have our woman's part, with the full responsibility that comes with authority and the full dignity that comes in equality, in shaping also the world, the economic, social, and industrial world into which that generation must be born. We ask no more. We can take nothing less. For this is our woman's duty. (Applause.)

MR. SPEYER: I am quite sure that the men present here are obliged to the last speaker for having treated

us so kindly, and I am also very much obliged to her for having introduced us to some new western slang. I think you will all agree with me that for a woman who comes from such very old stock as the western women do, she is full of new ideas.

We will now hear from a woman who comes from the effete East (laughter), although I suppose her ancestors are quite as old as those of the western women, and I am inclined to think that those western women did come from the East before they went out West. The next speaker is the Field Secretary of the Massachusetts Association Opposed to the Further Extension of Suffrage to Women. The Massachusetts organization of which this woman is Field Secretary takes its name from the fact that women in Massachusetts already have the right to vote on school questions. She was for many years Chairman of the National Conference of Educational Societies, and during the last year has spoken before committees of the United States Senate and the National House of Representatives, the Pennsylvania Senate, etc. Mrs. George is now recognized throughout the country as one of the leaders amongst the women protesting against woman suffrage. I have great pleasure in introducing Mrs. George. (Applause.)

ADDRESS BY MRS. A. J. GEORGE,

*Field Secretary of the Massachusetts Association Opposed to the Further Extension of Suffrage to Women*

Mr. President, Members, and Guests of the Economic Club of New York: Possibly what I have to say had better be said in the room around the corner, for I understand that the "Committee on Safety First" is

meeting in this hotel to-night. (Laughter.) "Safety First" is certainly a good watchword to take when there is a proposition to double our electorate, especially when that proposition includes the extension of the franchise to a new electorate, the majority of which electorate is acknowledged by the proponents of the measure to be either indifferent or opposed to the change. For the first time in the history of the extension of the franchise there is organized opposition within the ranks to the imposition of the responsibilities entailed in the "privilege," if you will so call it; for surely this privilege when granted becomes a grave responsibility. It is not a question of what one group of women may want, and another group of women may not want, but our question is "Safety First." What is the best thing for your State of New York, and what is the best thing for my Commonwealth of Massachusetts? (Applause.)

Now, if there is one thing that our friends the suffragists dislike, it is a suggestion that this question be left to a vote of the women. They say the women must have the vote on every other question under the sun, but that an electorate of men is quite competent to decide this fundamental question of whether or not women shall vote. With reason they fear the women's vote. In my state in 1895, there was a referendum to the women, and although the suffrage party had a splendid organization nearly fifty years old, and did their utmost to bring out the vote of women, and although our anti-suffrage association was only two months old and said to the women, "Don't go and vote; let the indifference of women be shown," in Massachusetts, in 1895, only four per cent. of the women eligible to vote, voted, in favor of municipal suffrage for women. "Oh, yes!"

one says, "but that was far back in 1895!" Now it happens that we do have the school vote for all women in Massachusetts, and we had a school election in Boston only last Tuesday, and fewer women voted then than have voted at any time in twenty-five years, although the suffragists had said in 1879, when the school vote was granted, "Give us the school vote and we will show you what we will do. We can't hope to get full suffrage now, but we will show you that women really want the ballot as the means of showing their social efficiency." They have shown us what they would do, for about four per cent. of the women of the state have registered in the last fifteen years, and two and a half per cent. have voted; in the city of Springfield, one of our most intelligent communities, in December, 1912, one-tenth of one per cent. of the women of the city cared enough about the ballot as a means of showing their interest in school affairs to go to the polls on election day. So much for the school vote as a "test of interest."

Suffragists and anti-suffragists are very much alike, in spite of the rather unpleasant epithets that are hurled at those who happen to hold an honest difference of opinion from those who advocate votes for women, and who really feel that there is room for intelligent controversy on this question of woman suffrage. We all want a better order of society. Your suffragist says, "Give us more voters; give us more people to be informed. Let us put more emphasis on legislation; let us put more emphasis on the ballot." The anti-suffragist says, "No, we have looked too long on the ballot as a means of moralizing and reforming society! What we need to realize is that we must improve the quality of our electorate rather than double our electo-

rate." In a government like ours, where we are trying out the great experiment of universal manhood suffrage, the only possibility for a successful issue to that experiment is to have the quality of the electorate gradually raised from generation to generation; to this end, the units which make up the electorate must improve in character, in intelligence, in patriotic devotion; under our form of government, therefore, there is peculiar need that she who is the educator, that she who stands for the ideals of morality, who teaches the child, who trains the growing citizen, should not be distracted from this work of education, subtle, and often obscure as it may be, unless thereby she is to gain as the teacher, as the mother upon whom so largely rests the responsibility of an improved electorate.

The question is not one of rights. No one has a right to vote. The question is not one of equality. I will not insult your intelligence by speaking of the inferiority of woman because she has not a vote. This is a question of how women can best serve the state. (Applause.)

There are those of us who love democracy, not because of its name, but because we believe it may accomplish something. William Howard Taft says if the suffragist can prove the following points then her case is made:

"That to-day women are unjustly oppressed by government measures or lack of them, and could remedy this by vote. That the government would be better and stronger, and the existing electorate improved in average moral tone, in intelligence and political discrimination."

Where shall we look for this evidence?

Don't compare like with unlike. It is done too much

in this talk of woman suffrage. A favorite cartoon of the suffragist represents a drunken man with his head on his arm as he sits by a table, and beside him is a woman scrubbing a floor, and underneath is the legend, "He can vote; she cannot." Society is not made up of drunken husbands and neglected wives. Unfortunately both types exist; but in all this discussion please compare the informed man and the informed woman, the uninformed man and the uninformed woman, and see if you believe that the doubling of our electorate will raise the quality of the electorate, and unless you have such proof you are not patriotic citizens of the State of New York if you ask to double the burden which now rests upon your political machinery.

There is great danger, however, that you men, with the chivalry which the American man bears to his woman, and the general attitude of not wanting trouble with the ladies (you know men will fight men, and women will quarrel with women, but it is a fatal thing for society when men will fight women) there is great danger that you men will be like the judge in Scripture who said, "Though I fear not God, nor regard men, yet because this widow troubleth me, I will avenge her, lest by the continual coming she wearie me." (Laughter.)

Now, I have an old friend down in Maine. She is known to some of you, but I like her. A friend of mine went to her at the time this proposition was before the people of Maine, and said, "Do you want women to vote?" This good woman of Maine had lived the normal life of the woman on a Maine farm. She thought very much more of duties and responsibilities than she did of rights, and she had brought up six

sons and daughters to be useful citizens. My friend said, "Do you want women to vote?" "No," said the woman in Maine, "for the Lord's sake let the men do something!" (Laughter.) Now, there was a world of wisdom in what the woman said, because she knew that it is a mistake for two people to do what one person can do. You men know wherever you go in the business world to-day the one word you hear is "efficiency." We want to get an efficient state. Our cost of living is very largely dependent to-day upon the cost of being governed, and unless you are going to have a more efficient state with women voting, it is uneconomic to have two people do what one person can do; and, incidentally, you women do not undertake to do the men's work for them. If they are doing poorly, whose fault is it? Who trained them? John Boyle O'Reilly used to say, "You women can do with us men what you will, but you must catch us while we are young."

The civil and legal rights of women have been recognized. Women have the advantage over men under the law in your state and in mine. We anti-suffragists want woman to have every opportunity to make the most of herself. We welcome every educational opportunity for her; every opportunity if need be for her to go into trades and professions. But we do not hold with a secretary of the National American Suffrage Association who says, "We do not want any special protection by the law. We want exactly the treatment which men have." We look with pride in Massachusetts, as you in New York look with pride, and I trust with a yearning to make that record even better as we mean to in Massachusetts—we look with pride at the body of remedial and protective legislation for the

woman in industry. We have found after two generations of careless exploitation of woman in industry that she can not be worked as the man is worked; that she goes into industry to meet all the problems of the working man and carries with her the handicaps of her sex; you can not overwork that potential motherhood, because you thereby decrease the strength of the future citizen; you handicap the future citizen. The Census Bureau tells us there are seven million women in industry; yet we speak of the working *man* and of the working *girl*. The appalling fact of the woman in industry is that in many cases she is so overworked, in many cases underpaid, and that she is so young; one-third of the seven million women in industry are under voting age; forty-nine per cent. are under twenty-five years of age, and they are staying at a low-age distribution because, unlike the man in industry, they are in industry as casual workers. The Census Bureau, not given to romancing, tells us matrimony comes along to serve as a vocation for women,—and rightly so.

We must do all we possibly can to remedy the condition of the woman in industry, because she is coming back and coming up into the life of the normal woman, and her industrial life must not handicap her so that she shall not be able to bear and rear strong children. Your Governor Black told us once to keep our eye fixed on the seducer of the people and their enemy, the man exhorting the crowd from the barrel-head. That man has a near relative in the woman who exhorts the crowd from the soap box. I heard a woman stand before those working girls of Holyoke, Massachusetts, and say: "Girls, if you had the vote, the difference in the wage paid to you and to men would disappear." Then

she asked them to sign the yellow card which showed they were in sympathy with woman suffrage. Of course they signed it. Wouldn't you? But what a wrong it was to those girls, the majority of whom had been in this country too short a time to be naturalized. How wrong it was to deny the law of market supply and demand, every law which governs economics to-day, and say: "If you had the vote, the difference in the wage paid to you and to men would disappear." The vote does not determine the wage. Right here in New York, where women do not even have the school vote, the men and women teachers in the public schools have the same wage. In the city of Boston there is no discrimination in the salary paid to the man teacher and the woman teacher who is at the head of a grammar school,—they each are entitled to receive a maximum salary of three thousand four hundred and twenty dollars a year. In my own town, Brookline, there is no discrimination. If the woman is made a master of a grammar school she is paid the same as the man was paid.

Now, it is a curious thing that in Colorado, where women have voted for twenty years, according to the report of the United States Commissioner of Education for 1912, the average salary paid to the man is eighty-two dollars and twenty-five cents; the average salary paid to the woman is sixty dollars and eighty-eight cents. In Utah—by the way, we hear very little about Utah—in Utah, women have voted nearly as long as they have in Colorado. In Utah, according to the report of the United States Commissioner of Education, the average wage paid to the men teachers is ninety-four dollars and forty-nine cents, and to the women teachers seventy-one dollars and ninety-five cents.

That shows that the difference in the wage paid to men and woman in Utah and in Colorado has not disappeared.

But, suppose they have a millennium in Colorado, even though that good advocate of woman suffrage, Judge Ben B. Lindsey, made us feel a year ago that the millennium was far from Colorado. Would the experience of Colorado be any guide or any promise of a more stable form of government in New York? There are four states in this country where they have had woman suffrage for periods of more than three years. They are Wyoming, Colorado, Utah, and Idaho. Those four states have about one-third the population of Greater New York, and you know—you men know—that the place where our machinery of government tends to break down is in the congested districts, in the densely populated districts; it takes all that you men can devise so to educate your voter that he shall cast a vote which is best for his welfare and best for the state. And now it is proposed to double the number of those who must be so informed. There must surely be some compensating gain shown for so large an outlay of time, of energy, of election expenses.

If there were time, I would like to say to you men that we anti-suffragists adopt Nelson's motto at Trafalgar,—“England expects that every man will do his duty,”—we anti-suffragists expect that men will do something more in politics and in government than go to the ballot box once in three hundred and sixty-five days. We expect that you will take your duties of citizenship with earnestness and with conscience, but we do not intend to step in and say: “You whom we have trained have failed, and we are going to do your work for you.” We do not believe that the votes of men and

women can ever accomplish what the votes of men have failed to accomplish.

I know it is the fashion to say, "Woman's vote would cure society of many of the ills which we have to-day." I know that white slavery is a great menace, but the immorality among our young people is a greater menace. I know we have laws enough to sink the Ship of State, and what we need is an enforcement of existing laws, as well as an enactment of new laws the need of which shall be made manifest. (Applause.) I know that in Boston last week we had the yearly report of the Commissioner of Police, in which he declared that: "One-half—fifty per cent.—of the youth of our streets are hoodlums." They are not such because the mothers don't have a vote. Nothing was said of women's votes and nothing was said of politics; but the Commissioner said of these youths: "They are taught neither manners nor morals in the home." We place the emphasis upon a point from which relief can never come when we place it on legislation; the only permanent relief which can come is from the compelling realization that we get a better condition of society only when the units in our society become informed, become more moral, become more intelligent, and women under our present conditions have a vast work to do in so informing and training the youth. It may be an old-fashioned occupation, often obscure, often dull, but it is one which we sadly need to honor.

Another thing: If woman suffrage tends, as it does seem in certain localities, to increase the indifferent vote, then it is a menace, because the indifferent man voter makes possible to-day the power of the exploited voter. In San Francisco, in the election of November, 1913,

there were three precincts in which not a single woman voted, and there were forty-nine precincts in which an average of less than ten women voted. At the first election in San Francisco in 1912, when there was all the charm and novelty of a new election, there were about twenty-six per cent. of the women entitled to register and vote, who went to the polls on election day, as against fifty-one per cent. of the men—too low for the men, and so low for the women that it shows that it depressed the voting strength, which in itself is a great menace.

There is a great deal of talk nowadays about the economic independence of woman. Up and down the country you hear that,—the economic independence of woman. We are coming on, as Mr. Asquith said, and we are coming to see that underneath all the arguments for woman suffrage lies this claim for the economic independence of woman, which can not be worked unless you insist upon the social independence and the sexual independence of woman. When you insist on those things you intensify the competition between men and women, you make for wage depression, and you make for disaster to woman, because woman can not go into competition with man and succeed, because of her lower physical and nervous vitality. It is not a question of brains; it is a question of endurance (applause), and because we are limited, we should place our efforts according to the abilities which we have.

There are some of us who feel that despite the fact that the apostle of militancy was not repudiated by organized suffragists, but here in her great meeting read the congratulations in a telegram from the enfranchised women of Colorado and the enfranchised women of California,—there are some of us who feel that we can

well wait before we adopt the methods advocated by those who urge the ballot for women, until those who urge the ballot for women show a keener perception of the issues of right and wrong than is found when the activities of the militants are condoned, since they are not condemned.

Just a word, and an unpleasant word. I hold in my hand a publication of the National American Woman Suffrage Association. It says:

"If the Freewoman is not going to be the protected woman, but is to carve out an independence for herself, she must produce within herself strength sufficient to provide for herself and for those of whom Nature has made her the natural guardian, her children. . . .

"Feminism would hold that it is neither desirable nor necessary for women, when they are mothers, to leave their chosen, money-earning work for any length of time. . . . It is the Freewoman's concern to see to it that she shall be in a position to bear children if she wants them without soliciting maintenance from any man, whoever he may be; and this she can only do if she is earning money for herself, or is provided for out of some common fund for a limited time."

In other words, just at the moment when we have found that the child is better off in a poor home than in a good institution, along come those feminist-suffragists who, in striving for the economic independence of woman, say we are to have a "new order of society where the state shall take care of the child, because woman must be relieved from her old duties."

There are all over this country of ours women whom we may call unrepresentative women, because they

are doing such splendid work, and are not released from the old duties. Where you find their work strong, and fine, and constructive, you find that their work gains its distinction and value because they are working, not as Republicans or Democrats, or as members of any political organization, but working as a non-partisan, disinterested factor for the public good, without any personal political ambition to serve. The value of those women has been recognized on boards of administration of churches, of hospitals, of libraries, of all the many institutions for the care of the dependent and defective. If women are to work precisely as men, you destroy their significant value in that work, and merely duplicate man's work.

It becomes, then, a question of the improvement of society *versus* the multiplication of votes, and we anti-suffragists stand for the improvement of society because we do not believe it can come about by the multiplication of votes, and because we do not believe that woman's fitness or her abilities lie along the line of government, which in the last analysis has to do with the protection of persons and property.

A certain gentleman in New York last week suggested that we would soon have militant conditions here. He said if women really want the franchise, "let them destroy buildings, let them destroy anything they want to destroy." Somehow we anti-suffragists believe that in their demand for the franchise, women destroy something which they cannot easily rebuild; that we can well wait, not handicapped in any endeavor we may have to serve the state. We may well wait until we have given a little further thought, until we have gone a little further in our experiments with

manhood suffrage, which we believe is somehow going to work out well. It is not the time to undertake the education of a new body of voters. It is not the time to use woman's energies in political activities. I thank you. (Applause.)

MR. SPEYER: I should like to tell the audience that three days ago Mrs. George wrote me a letter and said she was very much afraid to speak before this audience, because she thought that her side of the question would not be received with sympathy. I think after this friendly demonstration by the audience we need not say anything more on that subject.

The next speaker is one who is well known to us in New York. He went out West, and then after six years as the head of a synagogue in Portland, Oregon, returned to us in New York, where he had previously been. Dr. Wise is prominently identified with many educational and philanthropic institutions, and has received many public honors. He is also well known to you as one of our best speakers, and I hope he will deal kindly with the preceding speaker. (Applause.)

ADDRESS BY DR. STEPHEN S. WISE,  
*Rabbi of the Free Synagogue*

Mr. Chairman, Ladies and Gentlemen: I feel that I have been brought here to-night under false pretenses. My good friend, Mr. Ely, invited me to speak on *equal suffrage* in which I believe. Now I find that I am expected to address you on *woman suffrage* in which I do not believe. I am not quite prepared to surrender my own right of suffrage to women, though wholly pre-

pared to share its responsibilities with women. I rejoice to find that brother Ely has succeeded in securing the presence of two so-called anti-suffragists upon this occasion, for I have believed that the number was fast dwindling. There can be no question as to the quality, more especially the social quality, of the opponents to equal suffrage, but I am deeply persuaded that the quantity is barely holding its own. What I believe to be the constantly lessening number of the foes of equal suffrage reminds one of Hennessy who, having told his wife that in the course of the day he was to have a fist-fight with a one-time friend, was reassured by her in these terms,—“Hennessy, it ought to be easy enough to do that; he’s a little fellow and you’re a big, strong man.” Upon the return of Hennessy in the evening, very much the worse for wear, Bridget said: “Hennessy, I’m ashamed of you: to look as you do after a fight with such a little bit of a man.” “’Ssh, ’ssh, ’ssh, Bridget. Don’t shpake disreshpectfully of the dead.” (Applause.) In my unsplendid isolation to-night, I am reminded of that teacher at Columbia University, who was one of the participants in the equal suffrage parade two years ago. He noticed many a snicker as he bravely marched along bearing what he believed to be a suitably inscribed banner, and upon returning home learned from his wife the cause of the amusement of the spectators. His banner read: “Men vote, why shouldn’t I?” (Laughter.)

Mr. Chairman: The burden of proof does not rest upon those who, like the speaker, believe in equal suffrage, but upon those who would fain continue to deny the franchise to women. Woman has never been disfranchised; she remains unenfranchised. Rightly or

wrongly, and I believe wrongly, woman was not enfranchised at the founding of the republic, and the burden of proof properly rests upon those who undertake to maintain that women ought to remain unenfranchised. Half of the task of enfranchising the citizens of the nation was performed at the outset of our history; the other half remains to be done, and ought to be done with the least possible delay. Whether it be right or duty, privilege or burden, we ask,—Why should the franchise be withheld any longer from women?

I have ventured to use the good old-fashioned term, "right," although the major portion of the argument of the evening has dealt with the question of expediency. Happily we, who believe in equal suffrage, are prepared to meet our opponents on both grounds. We believe alike in the rightfulness and the expediency of equal suffrage. We believe that equal suffrage, as far as it has been tried in this land, has proved the expediency of the enfranchisement of both halves of the citizenship of America. And yet I do not believe that expediency is to be the determining or decisive factor in the solution of the problem. In a democracy, there are fundamental rights that reach far deeper than any question of expediency.

I am quite prepared to agree with the representative of those opposed to equal suffrage,—whose delightful address every invincible anti-suffragist must have been rejoiced to hear to-night,—that whosoever fails to believe in democracy ought by that token to be opposed to the enfranchisement of women. For my part, I hold that democracy is no longer a tentative experiment. (Applause.) After one hundred and

thirty years of American history, we have the right to say that the experimental period of democracy has been completed. We believe in equal suffrage because we believe in the fundamental rightness of democracy, of the wisdom and rightfulness of which, however, multitudes of anti-suffragists remain unconvinced. In proof of the anti-democratic attitude of the opponents of equal suffrage, it need but be pointed out that it is often alleged that women are not fit to exercise the suffrage. The surest way to keep women unfit is to continue to deny them the right and the duty of the suffrage. Assuming for a moment that this intolerable utterance be true, who will venture to deny that no people have ever been fitted for the exercise of the franchise and the responsibilities of citizenship until after they have wrested the right to exercise the franchise and to meet citizenship's complete responsibilities.

A further proof, though none be needed, of the anti-democratic viewpoint of those opposed to equal suffrage is to be found in the sneer, not unseldom insolent and derisive, of those who purport to be dismayed at the possibility of giving the vote to millions of poor working women in these United States. But, in truth, if it were necessary to determine that some one group rather than another of the women of the republic should become its voting citizens, we would declare that the vote should go first and foremost to the toiling, wage-earning women of the republic, whose lives require the safeguard of the ballot, who need that political security and economic protection which nothing less than the exercise of the franchise can guarantee. It is not a question of tax-paying *versus* non-tax-paying women, for every woman is a tax-payer, though the fewest women are

tax-bearers. In truth, property-holding women ought to have the right of the ballot, but, while property can in some measure protect itself, irrespective of the franchise, the wage-earner in a democracy is denied a complete measure of protection as long as the franchise be withheld.

What could be more anti-democratic than the position of those who urge that equal suffrage ought not to be because democracy means government with the consent of the governed. Did the unenfranchised women of America ever give their consent to be governed? In other words, the women of America may be and are governed without the consent of any of them. But the anti-suffragists maintain that the majority of the governed, none of them ever consulted before, must assent before they become among the governing as well as the governed. Thus women are ever to be governed, but never to be of the governing classes in the republic,—in disregard of the elemental meaning of democracy. Democracy does not mean the rule of men and men alone, else should we have the term homocracy. Democracy signifies the rule of the people, government by the people, not half the people, nor the male people, nor the propertied people, but the people. And who will say that people is to be deemed exclusive of women? Men and women, we have not yet achieved democracy nor shall we achieve it until the women, even as the men, are become completely self-governing and self-determining citizens of our democracy.

Often are we told, and the statement has again been made to-night, that women do not wish to vote. That is exactly what the czars long said, and in all likelihood continue to say in private, about the serfs. I do not

believe it to be true that women do not wish to vote, for there are multitudes of women who do wish to vote, who for months and for years have rightfully insisted that the rights and the duties of the franchise become their own. If not one woman in this state desired the franchise, still would I say that suffrage is the duty and the obligation of woman as truly as of man. It is not a right to be waived, nor a privilege to be foregone, but a duty to be met, an obligation to be accepted. Whether or not women will to vote, the vote needs women, and if women have been so damaged, morally and spiritually, by a century of unenfranchisement as not to will to vote, then must they be drafted in the interest of citizenship. As for leaving the decision altogether with the women, there is no way of bringing about such a reference, as our opponents well know, nor should there be such a referendum, seeing, as has been said before, that women were never asked whether or not they would consent to be governed. If the plan were legal and workable, I should gladly assent to the proposal that the question be referred to men and women alike. Failing such a possibility, there can be but one reference, to men voters now called upon by vast numbers of earnest, thoughtful women to do that which they have long omitted to do, completely to enfranchise women.

As for the imaginary tyranny of permitting ten per cent., composed of the "vociferous suffragists,"—for suffrage's opponents never cause their voices to be heard,—to impose the vote upon a reluctant or hostile ninety per cent., what of the parallel tyranny, though the percentages be less striking, of that type of democracy in which fifty per cent. of the adults insist that the remaining fifty per cent. shall have no part in the

rulership of the nation and that they, the male fifty per cent., shall rule, without consulting with or referring to the wishes and principles and convictions of the female fifty per cent. arbitrarily denied political status? (Applause.) The same argument holds with regard to the so-called stay-at-home vote of which Mrs. George is rightly afraid. I share her fear of the damage that is done by the stay-at-home voter. In order, therefore, that there shall not be any additional stay-at-home voters, half of the possible voters of the nation are permanently to stay at home. If you are fearful of the hurt that accrues to the state as a result of five or ten per cent. of the voters staying at home, I answer that I am more fearful of the hurt which results to the republic from the fact that half of the potential citizenship of these United States must be permanent stay-at-homes because of those unjust and unrighteous laws which deny to woman the right to go to the polls and to register her will as a self-determining citizen of the democracy.

Granted, though I do not believe it to be true, that the majority of women are opposed to equal suffrage, that circumstance would prove little or nothing. In the revolutionary days, the minute-men were in a minority, for multitudes were indifferent and there were reactionary loyalists; but the great question of national self-government was not decided by a vote. The spirit of the age demanded it. Minorities always decide moral questions; majorities subsequently confirm the moral decisions of minorities. Parenthetically, I would observe again that the opposition of some women to equal suffrage is the surest proof of woman's need of the suffrage. If there are women, as alas there are, who

would gain their political freedom with a sigh, is it not obvious that women have been gravely injured and enfeebled by that attitude of the republic at its worst, which we are resolved to bring to an end?

Dealing for a moment with the so-called political objections to equal suffrage, we are reminded that government rests upon force and since women cannot bear arms, cannot be soldiers nor policemen, nor sailors nor constables, therefore women must not vote. This argument were unanswerable save for the fallacy of its premise and the erroneousness of its conclusion. For one thing, government in a democracy does not rest upon force but upon the people's will. Shall we not test that here and now? How many men in this room have served as policemen or borne arms for their country? As I count the hands that are raised, I find that not more than a half-dozen men in this great gathering have borne arms on their country's behalf. What of the other men? Are we to be disfranchised because we have not borne arms? And incidentally be it observed, the only men who are virtually disfranchised in this land are the men who do bear arms for their country. So much for that, but assuming that men are to vote because potentially they are the country's arms-bearers, what of the infinitely more significant service to the state of women who do not bear arms but armies, who bear the men that bear the arms of the republic? (Applause.) As long as woman goes down to the deeps of pain and suffering and even death itself to bring forth a child and to give it to the nation, she renders a service to the nation which entitles her to the complete dignity of citizenship on the one hand, and on the other rightly burdens her with citizenship's obligations.

It is not easy to be patient with the argument that women to-day exercise a considerable influence and that such political influence may be wielded without the acceptance of a commensurate political responsibility. In the interest of democracy, influence without responsibility, if it obtain at all, must be ended. In a republic, nothing could be more dangerous than influence without a corresponding measure of responsibility. If women have political influence, it is their business to accept its responsibilities. Where political influence and power lie, the nation must be able to place its finger and say,—Responsibility for this rests upon you. The corrupt political boss is nothing more than an exaggerated embodiment of the evil results of the exercise of influence unsteadied and unmoralized by responsibility.

As for men representing women, Wendell Phillips dealt with that question adequately decades ago when he declared that either men were like women or they were unlike women. If men were like women, then women ought to represent themselves. If men were unlike women, then men could not represent women.

As for the political objection to equal suffrage on the ground, such as it is, that not alone are men and women equal before the law, but that women are at an advantage before the law, in that they enjoy special protection and even, as a result of legislative enactment, particular immunities, are women to be grateful for the special privilege or prerogative which the state selfishly, though wisely withal, claims in guarding the physical well-being of its mothers by forbidding them to work in the night or too many hours by day? As for the special protection which women are supposed to enjoy, an

excellent illustration of the working out of this theory suggests itself in the manner in which the great number of men were treated who participated in or witnessed the inauguration of President Wilson. The parade was unmolested because under the protection of the fellow-voters of the men who paraded. On the following day, women who demanded citizenship paraded and, far from being especially protected, they were dealt with in ruffianly fashion, and had to be protected *from* the jeers and insults of white men. So much for the special protection which is accorded to women!

Let us at this point deal with what our opponents regard as the gravest objection urged against equal suffrage,—objections which the speaker of to-night has upon many occasions grouped together under the forbidding heading,—the threefold menace,—militancy, socialism, feminism. As for militancy, in twenty-nine out of the thirty lands in which campaigns are being carried on in behalf of equal suffrage, the movement is entirely peaceful and non-militant. In England alone, a tithe of the movement may be said to be militant. The women suffragists of America, far from being militant, have never even declared their approval of the Pankhurst wing of the suffrage group in England, and yet I would not have this company part to-night imagining that a few brave, unafraid suffragists in England are deserving of all condemnation. (Applause.) From the viewpoint of some of us, they may be battling in mistaken and even blundering fashion, but at its best the fight is a heroic and daring exhibition of moral and physical fearlessness. Suffrage militancy may sometimes be destructive, but in the main it is a rather mild form of militancy, compared with the militancy which

has ever characterized the acts of men in their struggle for a larger freedom. Deadly the militant suffrage movement has not been save to those militants who have offered up their own lives on the altar of the cause. American suffragists will not, nor will they ever need to, resort to militancy, though it be true that there is a considerable measure of militancy among the anti-suffrage associations of our land.

As for feminism, which it is whispered is to be the ultimate outcome of the suffrage movement, it is true that suffrage is only a small part of a vast change that is coming over the life of the world. Suffrage is no more than an item in a great program, something of which is already come to pass, including the higher education of woman, her voluntary entrance into many callings, and that complete measure of self-determination to which suffrage no more than leads. If feminism tokens the possibility and the rightfulness of a larger, fuller, richer life for women, then equal suffrage carries with it a certain degree of menace. If, however, it be implied that the home and the family will be broken down by feminism, it is well to remember that all the vicious interests, including the saloon, gambling, and prostitution, are opposing equal suffrage and in some places supplying the funds with which to wage the anti-suffrage fight. But for the so-called moral menace of feminism, it would have been impossible for Mrs. George to have spoken at this meeting to-night. (Applause.) Half a century ago, it would have been considered indecent for a woman to rise before a large, mixed company such as this in order to deliver an address. Feminism is nothing more than that movement which aims to make it possible for woman to be-

come a completely self-determining personality, something more than the "sex or reproductive faculty personified." Feminism has grown impatient of the ideal of those belated and only partially disguised advocates of an older haremistic order, according to one of whom, a recent trans-Atlantic visitor to these shores, "Women who wish to vote do not interest me. Woman must remain a thing of mystery." Feminism declares that woman shall cease to be a thing of mystery and that she must live her life as does a man, frankly and forthrightly, and outside of the veil. Feminism is nothing more than the deadly and resistless foe of the old and passing order of haremism to which many of the advocates of the anti-suffrage position unconsciously cling.

As for the portent of socialism, which menace the anti-suffragists purport to find in the movement, is it not passing strange that the Socialists do not share the implied hope? Thus, in Milwaukee, the Socialist wards gave a majority of three and four to one for the Socialist candidate and a majority against equal suffrage. In Los Angeles, it was the vote of women which did most to avert the triumph of the Socialist party ticket, and Socialists everywhere, while nominally accepting equal suffrage as a plank in their party platform, are fearful of what they conceive to be the menace of equal suffrage because of the historic conservatism of women. Woman is essentially a conservator. It is questionable whether woman, once in the possession of the right of the franchise, may not prove over-conservative of every property interest and property right. As the conservator of the home and the guardian of the life of the race, conservatism has become the very mood and temper of

women. Capitalism need not be fearful of the menace of woman's vote, save for such capital as is invested in morally vicious occupations or industries. For example, certain interests do well from their own point of view to oppose equal suffrage, because equal suffrage will wage relentless warfare against every dollar invested in such things as are injurious to the life of the state and its people. Brothelism, for example, will not long thrive, nor even endure under the reign of equal suffrage. (Applause.)

Is it fair, I have heard it asked again and again, to compel women to vote, seeing that this will inflict a new burden upon them, and add yet another to women's already heavy responsibilities? How strange it is that men, who normally are very chivalrous, so chivalrous, forsooth, as to have given eight million women in this land the right to toil, some of them the privilege of toiling at night, have never dreamed of exempting woman from any customary burden of toil! The only burden of which some men would exempt all women is the burden of citizenship, which is no burden at all,—a burden which can best help woman to bear those other (industrial and economic) burdens, which rest upon her.

I have heard of those men and women who are disturbed about women parading once or twice a year on behalf of equal suffrage. What of the eight million toilers who parade every working-day in the year, not in the afternoon for an hour or two, but beginning with the early morning hours, marching to places of burdensome and grievous toil, of toil infinitely more burdensome than voting would ever be, of toil which would be made more bearable if woman were invested with the power and dignity of complete citizenship? The suffrage

movement means nothing more than that around woman, who for weal or for woe has become one of the burden-bearers of the industrial order, shall be thrown the safeguards of democracy, chiefest among which safeguards is the ballot.

Will not voting make women unwomanly? it is asked with apparent seriousness. A few years ago the women of one of the southern states were asked to support a measure which had been proposed in their state legislature, looking to the better protection of the children at work. Their answer was: It is the pleasure of the women of the southland to please the men. The first legislature in Colorado elected by the vote of women and of men enacted a law for the protection of child-workers which in its day was the most effective child labor law upon the statute books. My question now is,—who are the womanly women, the women of the South,—or rather one of the southern states,—who are pleased to please the men to the neglect and hurt of the children, or the women of Colorado, whose first care and interest was the protection of the children of the state, the safeguarding of the little toilers?

As for the fear of contamination following from woman's entering a polling place, if voting as it is at present conducted is under such unwholesome and unclean auspices that its very touch is defiling, then we need the cleansing and purifying participation of woman at the polls. We have long objected, and rightly so, to saloon politics, but saloon politics has been almost inevitable under the present régime. It is our business to take politics out of the saloon and bring it into the home, to make it that domestic concern which

it of right is and ought to be. Once given the vote, women will co-operate with men to the end that voting and all the functions of political life obtain in places wholesome and fitting. In our own state, not ten years shall have passed after equal suffrage obtains before men and women will vote in the schoolhouses of the state. (Applause.)

Continuing the discussion of the ludicrously trivial objections that are offered in opposition to equal suffrage, I have heard it said that some good people dread equal suffrage lest it bring about discord and dissension in the home. Israel Zangwill dealt with that matter rather convincingly some years ago, when he declared that domestic strife had gotten along famously through all the centuries without the help of equal suffrage. A home that will be broken up because the man and the woman therein take different political views or vote for different party candidates rests upon very frail and uncertain foundations. No home ought to obtain which is so lightly held together that husband and wife cannot agree to disagree in the spirit of tolerance and amity on political questions. The home in which the vote of woman will prove to be divisive might just as well be divided.

Quite in keeping with the seriousness of the objections I have dealt with, was the fear oftentimes expressed that equal suffrage will end the birth of children. But in New Zealand, as Jane Addams pointed out not very long ago, there are more babies born than in any place in the civilized world and in New Zealand, too, there are more babies kept alive than in any other civilized country. In other words, the highest birth rate and the lowest mortality rate for infants obtains in an equal

suffrage land, though it may well be, I have heard it rumored, that some leaders of the anti-suffrage cause now insist that equal suffrage will probably be responsible,—witness New Zealand,—for a most un-Malthusian birth rate. But if she will or if she won't, if she do or if she don't bear and keep alive babies, woman will and must needs be damned! May I call attention to the fact that not long ago a commission was formed in Paris, to deal with the question of the depopulation and repopulation of France. The Minister of Finance received a statement from the President and Secretary of the French League for Woman's Rights, urging that a place be given to women on the commission dealing with depopulation and repopulation problems, saying: "It seems to us that in this long list you have forgotten the class of persons without whom the question of repopulation can hardly be realized,—namely, women." If there be a calling in which women are without rivals, it is that of bringing children into the world. Absurd as the exclusion of women from a repopulation commission seems, it is no more absurd than the exclusion of women from the rights and dignities of complete citizenship.

Women do not vote, we are often told. But the truth is,—one regrets to be under the necessity of constantly suffering mere facts to obtrude themselves into a discussion of this kind,—women *do* vote. They vote wherever and whenever they are given a chance to vote; they vote in every state in which they are granted an opportunity. If my figures be correct, and it is almost too much to claim that they may be, seeing that they do not tally with Mrs. George's figures, forty-six thousand women voted in Massachusetts at the school

elections in 1912. How many men voted at the school elections of that year? Granted that women will not vote at school elections, nothing is proved. For my part, I am in entire agreement with those women who refuse to vote at school elections, being denied the right to vote at all other elections.

We have left for the last the ceaselessly cited objection to equal suffrage that voting will take women out of the home,—an objection that is uniformly made by women who scrupulously remain within their homes and never leave them for any cause or upon any pretext. Voting would take woman outside of her home for a few hours in a year, and as a result of going out of the home in order to vote, woman would bring back to the home the dignities and responsibilities and inspirations of citizenship. As for men being close to the market-place and women close to the home, why should not the ballot box be equidistant from the market-place and the home, more especially seeing that women are not by any means shut out of the market-place? There are eight million women in the market-place of America to-day, whom society has not permitted to remain in their homes. Nearly all of these women must toil or in despite of the chivalry of men they would perish. Why assume any irreconcilability between voting and home-keeping? There is no more contradiction inherent as between motherhood and voting than as between fatherhood and voting. Nowhere has the home suffered nor been neglected because of the ballot. On the contrary, in equal suffrage states the home has been enhanced and lifted up because of the new power and dignity conferred on mothers.

As to the question whether equal suffrage has in

practice worked out well, those of us who believe in it might well demand that the experiment be tried for decades before we assume the right to pass upon its results. But we are satisfied that the expediency of equal suffrage should be tested by the results up to this day. Not long before she died, Julia Ward Howe addressed a circular letter to the ministers of all the churches and the editors of all the newspapers in the suffrage states, who were virtually unanimous in declaring that equal suffrage had benefited the state, had alike benefited the women and the men. Everywhere it was denied that immoral women controlled the elections. On the contrary, again and again the statement has been made that where the so-called immoral women vote, they frequently, if not uniformly, vote for the better things, the love of which has not passed out of their souls. May it not be mentioned that industrial conditions have been bettered for women in those states in which suffrage obtains? Not long ago, I asked a Californian, who had been opposed to equal suffrage, as to his present attitude toward the question. This was his answer: "Equal suffrage has not wrought any miracles for us. The women have done a few little things such as cleaning the streets, protecting girls in dance-halls, securing better recreation facilities for boys and girls, improving the school system. All these little things," he repeated, "equal suffrage has done. But," he significantly added, "in politics there are no little things. In politics, it is the little things that are the big things."

I cannot close this argument, however inadequate, without referring to three great gains which will come to pass as a result of the suffrage of women. The vote

of women will always be in the main an independent and non-partisan vote. Women will not vote for party names nor be controlled by party labels. The speaker of the evening in a recent address quoted a political boss of her own city to the effect that he was never fearful of either of the leading parties of Boston but one never could tell exactly what the Woman's Municipal League was going to do. In other words, one could always count upon the old parties and upon their doing the wrong, save when they blunderingly lapsed into the right. But you cannot put your hand upon the women and label them, for they are essentially independent, as they will remain independent and non-partisan citizens of the cities, the states, the nation.

Who shall measure the gain that is to accrue to the nation and the nations from the vote of women as a result of woman's influence in respect of war? For centuries and centuries, men have waged war, men have reaped the glories of war, such as they are, and prized war's terrible splendor. But women have borne the cost of war, the first and most terrible cost of war,—have borne it silently and patiently, with infinite patience and with infinite courage. The vote of women will mean the beginning of the end of war. (Applause.) Men have been war-makers; women will be war-breakers. Nations will not lightly plunge into war when the question of war or peace will in part be left to the decision of women, to whom war comes home with all its grim and terrible reality. And yet it need not be said that if war ought to be, women will ever be the first to hazard all in behalf of country and of honor.

The third gain that is to accrue I name in answer to the oft-repeated question,—Do you believe that the vote

of women is going to be better than the vote of men? My answer is that the vote of women will not be better than the vote of men, but better than the vote of men will be the vote of men and women together. If it be asked how, since the men are not doing well with the ballot, can we expect very much more from the women who bore and trained them, we answer that we do not expect any more from the women who bore and trained them than from the sons they bore, but we do expect very much more in the future from the united and common counsel of men and women together.

Poor economy it may be for two to do the work of one, but it were poorer economy for one to attempt to do the work of two, when one cannot do better than two with respect to the affairs of the state. Not only cannot one do better than two but, in the case of men and women, both together should have the right to do better on behalf of the state.

As for the argument urged to-night, that too much cannot be expected from legislation and that more must depend upon the training of the individual, this position is incontrovertibly true. Less than a year ago, Woodrow Wilson became President of the United States. He laid down a program for the nation containing three outstanding items, having reference to the tariff, the currency, and the regulation of monopoly. President Wilson, wise statesman and leader, held that a certain measure of legislation was necessary in order to make it possible for the people of these United States to enjoy the fullest degree of freedom and to make for the highest attainable plane of living. The forces of America, as President Wilson put it, had to be set free and that is the aim of the tariff and the currency and the trust bills.

Only after these things were done would we be free to pursue our way and serve the nation. In the same way, it may be said of equal suffrage that it is not to work any miracles. It cannot be expected to achieve any revolution on behalf of better things. All that we do expect, all that we have the right to expect is that the suffrage will enable women to become intellectual, strong, self-reliant keepers of the home as well as home-keepers of the city, the state, and the republic. More we do not expect from women. We do believe that men and women together through the privilege and the obligation of complete citizenship will lead the way to a truer democracy and a nobler republic. (Applause.)

MR. SPEYER: I regret that I have to announce that Dr. Cyrus Townsend Brady is unable to come here to-night on account of illness in his family. His place as the second in opposition to woman suffrage has at very short notice been taken by a gentleman who has been for many years one of our most public-spirited citizens, having formerly been President of the State Charities' Aid Association, President of the Reform Club, and Secretary of the Treasury in Mr. Cleveland's Cabinet. I hope he will allow me to call him a friend of mine. I take great pleasure in introducing Mr. Charles S. Fairchild.

ADDRESS BY HON. CHARLES S. FAIRCHILD,  
*Formerly President of the State Charities' Aid Association;  
Secretary of the Treasury in President Cleveland's  
Cabinet*

Mr. President: You recall to me much that was pleasant, much that was delightful in the days that now seem

so long ago. I and many of my friends, enthusiastic youths as we were then, were doing what we thought was great work for the uplifting of our city and our republic. That enthusiasm was delightful. It is well to feel that way, and, then, when in after years you look back and you see how little, after all, you accomplished, you feel that you did have a reward at the time. And so I feel about Dr. Wise, the last speaker. He is splendid in his enthusiasm, the enthusiasm almost of youth,—and I believe of youth, after looking at him (applause); and he will always have pleasure in it. When the time comes that he and his very enthusiastic friends have done all of this that he believes he is going to do, when they have got the help of the women in all their splendid enterprises (which, of course, they don't have now), (laughter) why, he will have some pleasure left, when he sees the comparative failure of it all, in thinking "How gloriously I felt in 1914." (Laughter and applause.)

I welcome, I rejoice in that kind of enthusiasm. I made up a little sentence for myself the other day which expressed it, because I am old, you know. I am old, really old. I said to myself: If things seemed to youth as unimportant as they do to age, nothing would be done; and that if they seemed as important to age as they do to youth, old people would all die of despair.

But, members of the Economic Club, there must be something besides enthusiasm in all of this. This is a great question, as I view it, a question as to which we should thoroughly satisfy ourselves, aside from enthusiasm, aside from excitement. We should not try to deceive ourselves. We should tell the truth to ourselves, because we are proposing a most momentous

change, in the relations of the people of our state to the affairs of state and of society.

A few years ago, before I had taken more than a languid interest in this subject, I happened to be sitting by a lady at dinner, and something was said by someone,—not by myself, because I am ordinarily a prudent man (laughter)—something was said about woman suffrage, and I saw that my companion was one of those ladies that had a good deal of feeling about it, to express it mildly, and so I said: “I suppose when women get the ballot that many things will be better than they are now.” With that she snapped at me and said: “Not at all; not at all. That has nothing to do with it. Probably they will be worse. It is a question of our rights, solely a question of our rights.” Well, I felt it was time for a quiet man to take shelter, so I praised the mutton. (Laughter.) But I thought about that, and I have thought about it a great deal—about this question of rights, and I have come to the conclusion that as that word is popularly used, there is no such thing, not only with reference to the ballot, but as to any other thing pertaining to mankind. Man is brought into this world separated by nature, as an individual, from every right—as an individual. He is brought into this world to be a member of society, and everything that he has, has to be subordinated to society. Society determines whether certain things shall be conceded,—call them privileges or call them rights when they come from society,—society determines that certain things, if imposed upon or conceded to the individual, will result in a condition of things that will be best for society. And this applies to everything, to our life. We hold our life simply because and so

far as society deems it best that we shall have it. We hold our property on the same conditions and for the same reasons. We hold our right to happiness, as we deem it, on the same conditions. Therefore, it will not do to say that there is such a thing as a natural right. Someone has said, some lady, a very able woman, that she was not satisfied that woman should have the ballot. The only point that she had a doubt about was as to the divinity in us. She said the divinity in us that she was thinking of perhaps required that woman should have the ballot.

Now, divinity is in society. Divinity in society is the sum total of the divinities that are in the individuals. That divinity which is in society is the fused and amalgamated divinity that is in every individual, and every individual must give up his divinity to make up the divinity of society. Therefore, I believe that the question of natural right must fail. And it is so in all nature. I was thinking to-day of something from Tennyson that seemed to me apropos of this. I will read it to you:

Are God and Nature then at strife,  
That Nature lends such evil dreams?  
So careful of the type she seems,  
So careless of the single life.

“So careful of the type?” But no.  
From scarp'd cliff and quarried stone  
She cries, “A thousand types are gone:  
I care for nothing, all shall go.”

That has been nature from the beginning. Careless of the individual, careful of the type, until it became

necessary to be careless of some types in order to conserve the future of the great amalgamated type that came later. So, in scarped rock and quarried stone we find the sacrifice of those types in order to furnish that which is on earth to-day with much that is necessary to its existence upon the earth. We could not live to-day if nature had not been careless of the individual, if she had not been careless of many of the types.

This being so, of course the claim to anything, including the suffrage, drops as a question of natural right; therefore, it must be proved on the basis of *prima facie* reasoning that it will be better for society as a whole, or from experience showing that it has been better for society as a whole where it has been had.

I feel very much, in discussing this question after Mrs. George, as I did once in the law school in a mock court case. Charles C. Beeman was junior counsel with me, and Beeman had the first argument. I was to follow. There were two of us on each side, and Beeman had the first argument on my side, and when he got through there wasn't a blessed word for me to say on the subject. (Laughter.) That is one of the troubles that a man has in speaking last. I thought that it was very fortunate for me that I was to be last, because I didn't know until ten o'clock this morning that I was to speak to-night, and, therefore, I didn't feel quite up to it, and I have never spoken on this subject but two or three times. So I felt happy, but when I listened to the other speakers—good gracious! I felt: "What in the world am I to say?"

But, seriously, it must be proven in that way. This thing of woman suffrage must be proven by *prima facie* argument or by experience to show that it must be

or has been better for society as a whole. Individual woman, woman as a class, woman as a race has nothing to do with the question. They are not to be considered. It is this great entity called society. If you can prove it on that basis, well and good, but there it must be.

*Prima facie*, I cannot see how the case can be maintained, because you have got to do something with men; as the story was told to-night, you have got to do something with men. I grant that men have made a dreadful mess of a great many things. I don't stand up for men at all; not at all. But I believe it was not because they were mere men, but because they were human beings. You know there are some things women have not done so well, either. (Laughter.) There are some difficulties about that. (Laughter.)

But, after all, the things that belong to woman to do, and which man cannot do, are the important things to this race. She cannot do them too well. She cannot have too much time in which to do them. Much that man does has its only excuse for being done in order to enable woman with greater facility, greater ease, and greater leisure to do the things for the race which she must do, and which she alone can do. (Applause.) All of our business, all of our police, all of our army and navy, all of our finance,—all of these things, which seem so great, have no meaning whatever except for the work that woman must do.

Now for experience. Our experience in this country in this matter has been very short, too short, and under too restricted conditions to throw very much light upon it. We have spoken about the indifferent vote. That, to me, is a very grave consideration. To me, as a political question, it is almost the chief one. There is

the increasing of the indifferent vote, and we may be pretty sure that it will be increased in a very considerable percentage. I saw a letter in the *London Times* yesterday where they were summing up affairs for the last year over the whole world, and they said that woman suffrage in California was working pretty successfully; that about seventy per cent. of the women in California had voted at some election last winter as compared with eighty per cent. of the men. Now, there is the first year of this thing, with very exciting and interesting questions before the people,—the first year with the new thing, and already in that State the women fall ten per cent. below the men. There was an interesting set of figures in the *New York Times* the other day—I think it was the *Times*—by someone who was comparing the vote in Colorado and the vote in the State of Maine; and he made a mathematical calculation by which he brought out that the percentage of women who voted in Colorado must be far below the normal percentage of men who were voting in the State of Maine. This is a real danger, and we feel that it cannot help but be so, because we know that the great bulk of women do not want to vote. It doesn't do to say that those women do not know what they want; they are women as much entitled to be considered as any other women, and they are, many of them,—I believe the vast majority, judging from the localities that I know,—bitterly opposed to it.

Then another thing; that is, the management of property. Roughly speaking, the women own half of the stock of our corporations. The management of the corporation, of course, concerns their property, and women are eligible as directors of every national

bank and of every railroad in this country, and I know but one woman who is a director of a national bank. I know none who are directors of a railroad, and yet more than half the stock of the Pennsylvania Railroad is owned by women.

Most of the legislation in this country that is before the public concerns property in the corporate form and its management. Furthermore, the corporations have to do with social conditions far more than any other class of business, and those who manage those corporations have a better opportunity to improve social conditions than most people have. These, combined with domestic service and the employment of women, where women trade, cover almost all the body of industrial women. If women who have property, who have these aspirations and feelings, neglect in proportion to their interest to enter into the management of these corporations; if they neglect to see to it that the women whose work they buy are properly treated; if they neglect to see that the women in domestic service are properly treated, for Heaven's sake, what are they going to do with the vote? They have the power over these things to a tremendous degree already, and the vote will not add the least to it. (Applause.) Therefore, I say, this is an evidence to me that woman does not want to vote.

They used to talk about taxation without representation. They do not any more. Take my own native village. The women can vote in this State, in the villages and towns on questions of appropriation; that is, all the taxable women. We had a question of appropriating fifteen hundred dollars for a fire alarm, which, of course, was important to the whole village, to their

families, and to everything. There were one hundred and thirty-seven women in that voting region who were entitled to vote on that question; it involved taxation; it involved protection of life and property,—and not one woman went to the polls to vote on that question. In the State of Connecticut when the Connecticut legislature voted down the constitutional amendment, women were weeping in the galleries of the State House at Hartford on account of this adverse vote; and the day before they had had their school election—and don't tell me that a school election is an unimportant thing when it concerns the whole future of the race, concerns all the voters, boys and girls as well. Eighteen thousand women, if I remember the figures correctly, were entitled to vote in the city of Hartford, and less than eighteen hundred out of the eighteen thousand voted; and yet they were weeping the next day because there was not some more vote given. (Laughter.) Why, it was farcical!

I have but one minute more. If I had been called upon a few weeks ago, I could have said a great deal more in half an hour, but you cannot prepare yourself to say much in half an hour when you only know that you are to be called upon to say it at ten o'clock in the morning.

I want to say one thing, however, if you will permit me. This feminism which we hear about is a far more serious thing than I had supposed. A young girl was up in my region and she was talking for the suffragists. She went to a lady she wanted to convert and cited to her the case of an insect. She said, "Why, the female eats the male!" (Laughter.) I didn't know what in the world she had in her mind until I read an article in the

December *Atlantic*. Then I began to get an inkling of how that girl's mind was working. (Laughter.) Well, now, you want to carry that on a little further. A man may be a worm, but he is not an insect. But you want to go a little further and find what becomes of the female. She lays her eggs and then one day she perishes from off the face of the earth, and those little ones, bye-and-bye, after a stormy winter, are hatched in the crotch of a tree, and feed on its leaves. A sort of state-care we might call it. That is not a good example for us. Whatever you do, man is going to be here. He is not to be eaten by the female or undergo anything of that kind. But you can cast him off; you may make a derelict of him. But, mind you, he will be without sail, or compass, or rudder, floating in the seas, a danger to every ship (and you know "ship" is feminine) that sails those seas. (Applause.)

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# TWENTY-SEVENTH MEETING

Thursday Evening, March 5, 1914

HOTEL ASTOR

GUEST OF HONOR

COLONEL GEORGE W. GOETHALS  
Chief Engineer of the Panama Canal  
Governor-Elect of the Panama Zone

SUBJECT

*THE COMMERCIAL SIGNIFICANCE OF  
THE PANAMA CANAL*

SPEAKERS

COLONEL GEORGE W. GOETHALS

ANDREW CARNEGIE

IRVING T. BUSH

President of the Bush Terminal Company

DR. EMORY R. JOHNSON

Professor of Transportation and Commerce, University  
of Pennsylvania;

Member U. S. Isthmian Canal Commission, 1899-1904

DR. TALCOTT WILLIAMS

Director of the School of Journalism, Columbia  
University

PRESENTATION TO COLONEL GOETHALS

OF THE

MEDAL OF THE NATIONAL INSTITUTE OF SOCIAL SCIENCES

HAMILTON WRIGHT MABIE

President of the Institute

WILLIAM R. WILLCOX, *Presiding*

Vice-President of the Club

*THE COMMERCIAL SIGNIFICANCE OF  
THE PANAMA CANAL*

ADDRESSES

INTRODUCTORY REMARKS BY THE CHAIRMAN

MR. ELY: I am asked to say that Mr. Speyer, the President of the Club, greatly regrets his unavoidable absence. Mr. Vanderlip is also absent in the South or somewhere amid the snow. The other Vice-President of the Club, Mr. Willcox, will, however, preside, and it gives me pleasure to present him to you. (Applause.)

MR. WILLCOX: Fellow-members of the Economic Club, Friends, and Guests: I am extremely sorry that our President, Mr. Speyer, is not with us this evening, but I esteem it an unusual privilege to preside on this occasion, when our dinner is given in honor of so distinguished a guest as Colonel Goethals. (Applause.) No enterprise of modern times, whether public or private has, because of its very great importance, received so much attention from the civilized world as has the completing of the Panama Canal. No other enterprise

has called for so large an outlay of money, and while other engineering problems, difficult and as complex as those at Panama, have been met and solved, there has been none of such large and commanding magnitude. For many years it has been the dream of our legislators that the Canal should be built across the Isthmus of Panama, or across the contiguous territory thereto, in order that the commerce of our country might be relieved of the long trip around the Horn, and also to bring our country into closer shipping relations with the lands of the Pacific. It remained, however, for President Roosevelt to turn this dream of years into the beginning of a reality, for it was during his administration that definite and affirmative action was inaugurated. The policy of building a canal having been adopted, our people, almost with one acclaim, were anxious for immediate action and became impatient in their demands that the dirt should begin to fly. No account was taken that this work was to be done in a torrid country over two thousand miles from the base of supplies, and an equal or greater distance from the men who must be brought into service for the performance of the work; nor that the country in which the Canal was to be built had few facilities with which to care for large numbers of men, having limited living quarters, inadequate water supply, and surroundings so unhealthful as to require the most thorough sanitation before work on a gigantic scale could be seriously considered; that the question of building a sea-level canal or a canal operating with locks had to be decided, and many other problems of equal importance had to be settled before the great work of construction could be pushed rapidly forward.

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As we greet to-night the great engineer, who, with his loyal forces, has now brought this enormous enterprise to an almost completed state, we should not forget that in overcoming these preliminary troubles which were necessary in order to render the enormous work possible, great credit is due to the Isthmian Canal Commission appointed by President Roosevelt, of which Mr. Theodore P. Shonts was Chairman, and to those associated with him, and with members of the Commission, like Colonel Gorgas and others, because it was under their direction that the work of sanitation and the construction of waterways, the building of houses and villages, was begun and carried forward. In fact, it was due to their efforts that the modern state was converted out of a tropical wilderness, scourged by fever and pestilence, and uninhabitable by individuals of other climates.

With all these preliminary questions settled during these first years of activity, it was then possible to proceed in a great way with the actual construction of the Canal. For the past five years the army of toilers, under the guidance of the great engineer who is our guest to-night, have been carrying on the work of construction necessary, rapidly and efficiently, until it is now practically finished. Without ostentation or display, free from political intrigue or hint of scandal, with no boastings of what he was going to do, Colonel Goethals has pursued his work, with the results accomplished that command the affectionate regard of all his countrymen and the admiration of the world. (Applause.)

It gives me great pleasure, members of the Economic Club, to present Colonel Goethals.

ADDRESS BY COLONEL GEORGE W. GOETHALS,  
*Chief Engineer of the Panama Canal*

I notice that I am down for an address this evening, but I have had no time to prepare anything, and I am going to give you a rambling talk on various matters connected with the Canal, and within the time limit. As the Chairman has stated, the preliminary work was that of sanitation and preparation for the construction. In sanitation, the great scourge of the French day was yellow fever, and next to that was the malarial fever, commonly known as the "Chagres" fever. An American by the name of Finley, who had settled in Havana, had advanced a theory that yellow fever was transmitted by the mosquito, but had no means of proving it. Three American surgeons, constituting a board, investigated the matter and demonstrated without question of doubt that the mosquito was the source of infection, determined also the time in which the patient must be bitten by the mosquito in order to inoculate the mosquito, and the period of incubation in the mosquito before which it became dangerous. Many American citizens voluntarily gave up their lives in order to demonstrate this theory, and to them is due the credit for freeing the Isthmus of yellow fever, for it is their rules that have been followed out rigorously on the Isthmus, and which resulted in eliminating the dreaded fever.

An Englishman named Ross discovered that the mosquito transmitted malarial fever, and he visited the Isthmus and laid down the rules by which malarial fever can be materially reduced, if not entirely eradicated. On account of the location of the Trans-Isthmian Rail-

road, and the traffic that has existed across that railroad ever since 1855, the Isthmus has been looked upon as one of the pest-holes of the world. The same principles which freed the Isthmus of yellow fever and malaria, applied elsewhere, have met with equal results. The Isthmus is now held up as a model of the work of that character, and one of the lessons learned from it now is that there is no place in the tropics where the white man can not live and perform work, and from that will result the larger development of small Central and South American countries.

When the present Commission went to the Isthmus, the question was up as to whether the government would undertake the work itself, employing its own forces and purchasing its own plant, or whether it should be best given out by contract. The work had been decided upon, bids had been received. It was held that the government could not get the initiative that a private contractor could; that the government could not get the work out of its men that a private contractor can, and that the work could not be done as economically as a private contractor could do it. But seven years' experience on our work has demonstrated that the government has within itself competent men, can secure all the initiative that a private contractor can secure, can produce and organize a construction force equal to, if not better than a private contractor can furnish.

The work as it at present stands fully demonstrates that, and the cost sheets clearly show the economies effected.

Another lesson learned from the Panama Canal, therefore, is that the government, by use of its own

forces, can undertake and carry to successful completion any work that it cares to undertake, and so convinced has Congress become of that, that it is now undertaking the construction of an Alaskan railroad.

The Chairman spoke of the preliminary work that had to be undertaken before the construction was begun. That preliminary work consisted in the building of houses for its employees, the building of a large department store and cold-storage plant, the arrangement for the distribution of supplies, electric light, and water. We had a department store with its branches scattered over the Isthmus, forty-seven miles across; a cold-storage plant for the manufacture of ice, for the storing of meat, which we distribute daily across the Isthmus, for the baking of bread and other necessaries. The Isthmus has been used by the socialists as an example of what socialism will accomplish if socialism prevailed in the United States. It is a case of government ownership, but it is not by any means a socialistic colony. It is an autocratic government where every one is engaged for a specific purpose, where the franchise is not introduced, and if it were introduced the socialistic feature of the Canal would not exist.

So far as the Canal itself is concerned, it is practically completed. We are now passing our own boats from one ocean to another and the only interruption is the Cucaracha slide, practically in the center of Culebra cut, where we have about thirty feet of water and a channel about a hundred and fifty feet wide. Had the President come to the Isthmus in December, we would have put him through, and would have opened the Canal for commercial vessels. As he didn't come, we concluded we would keep the Canal closed until the slide

was entirely removed, which, present indications seem to point, will be July first.

We are now beginning the organization of a new government. Until Mr. Roosevelt issued his executive order, the organization was in control of an executive body of seven men. My predecessor experienced difficulties because of the complication that resulted from that faulty arrangement. Congress would not change it, so he cut the Gordian knot, and in spite of the law issued an order by which authority was concentrated; and it became a one-man power. In the government that is to be established there, there has been considerable discussion as to whether the one-man power should be continued or whether that authority should be exercised by a commission of three. The main object of our going there was for the construction of the Canal. The only object of our being there from now on will be the operation, maintenance, and protection of the Canal. (Applause.) It is the thought of many that we should open up the Zone to population. The strip is in the center of a foreign republic that believes in taxing everything, and in which political conditions are such that the "Ins" take everything that is in the Treasury, and leave the "Outs" when they come in to make up the deficit. (Laughter.) That deficit is made up by increased taxation. In order not to compete with Panama, it is necessary that we should establish the same system of taxation in the Zone as is maintained in Panama, otherwise the Panamaians will come over into the Zone and establish their business there. They get none of the advantages of our commissary and cold-storage supplies, but must pay duty on all the food-stuffs they bring in.

They must also pay duty on all the supplies for that reason. There is another point, too, and that is, that the government has only a leasehold right to that territory, and it belongs to the government as long as it operates and maintains the Canal. We are, therefore, unable to give them a title in fee for the land, and these disadvantages in connection with the tropical difficulties offer no inducement for the American to settle there. If we can't get the American we don't want anybody else. That being the case, therefore, it is better to depopulate the Zone and keep the entire area under control of the government. Assuming that we populate it with those outside,—West Indians, Panamaians, or any other nationality,—it will increase the cost of sanitation, increase the cost of civil administration by reasons of schools, police, and so forth, and the cost of operating and maintaining the Canal would be considerably augmented.

Because of these considerations, Congress has authorized the President of the United States to take over all the lands within the Zone, and we are now in the process of depopulating the area, and there will be nothing within the Zone but the operating force, and such troops as may be sent to garrison the place to protect the Canal against a raid from naval vessels.

The whole proposition, therefore, comes down into one of operation and simple maintenance, and it seems right that the executive control should be concentrated in one head. That is what the law contemplates, and that is what is to be carried out.

The Panama Canal is to be open to the commerce of the world and become a naval asset to the United States. The example of the *Oregon* clearly indicates the advan-

tage to the navy that the Canal gives. Though it may not double the efficiency of the fleet, it would certainly materially increase it.

My time is up, gentlemen. I thank you for your consideration. (Applause.)

MR. WILLCOX: The next speaker requires no introduction to a New York audience. I have great pleasure in presenting Mr. Andrew Carnegie.

ADDRESS BY MR. ANDREW CARNEGIE,  
*of New York*

Mr. President, Ladies, and Gentlemen: I never suspected that I was to have so great an honor, so carefully given, as to become a follower of the distinguished speaker who has just taken his seat. (Applause.)

At long intervals a man appears who has done something of unique importance in the world. Long has he been in training for the task, and the world knew it not; but now the world can never cease to know that your guest of to-night has proved himself a genius who has changed world conditions. France had undertaken the difficult task of uniting the Atlantic and Pacific Oceans by a pass-way for ships upon the water. After years of labor the task was abandoned, and the long-cherished scheme seemed destined to fail. At this juncture our government stepped forward, purchased the reversion, and renewed the seemingly hopeless attempt. Here was the critical moment. Where was there on earth, not *a* man but *the* man to whom this perilous task could safely be intrusted? Nothing short of a genius for organization was needed. No man

of that order seemed within reach. Geniuses are rare, but the choice fell upon your guest of to-night, and we began to examine his history. He was fortunate here. He was born in Brooklyn, and very fortunate for New York, for we claim partnership in everything good that Brooklyn has. (Applause and laughter.)

Studying the problems before him, our guest soon discovered that none of the conditions of success, as he has stated, had much to do at first with plans of construction. His enemy, sure to conquer him as it had conquered his predecessors, if not vanquished, was unsanitation, and here Providence had placed within his reach the one man of all the world—Brigadier-General Gorgas. (Applause.)

Now, ladies and gentlemen, note this. Genius always attracts genius. (Applause.) Though it cannot be said that those rare birds are so numerous as exactly to flock together. (Laughter.) In my experience I have not found them disposed to do that.

With such men co-operating, each marvelous in his domain, what problem could remain unsolved? Our country has long been remarkable for utilizing officers of the army and the navy in works of peace. I have seen the arduous tasks involved in the Fernandina breakwater, for instance, in the rivers near Pittsburgh, upon the levees of the Mississippi, and the canals upon our Great Lakes, all under control of such army and navy officials. I believe that we are unique in this. I know of no other government that has the sense to use its commanders in the army and navy in work so profitable. (Applause.) This recalls one of Mr. Blaine's stories. I asked him what was one of the most attractive speeches he had ever heard in Congress—and he was there for

many years. He could tell a good story himself. "Well," he said, "it was made by the Dutch Ex-Governor of Pennsylvania who was subsequently elected to Congress. The debate in Congress was upon a bill which for the first time appropriated money to be used in improving fresh-water ponds. Many members held that Congress had no power under the Constitution to undertake improvement of fresh water. States must attend to this. National appropriations were confined to salt water. The Governor had never spoken a word in the House, and he had been there for two or three years, and the surprise was great when he was seen slowly to rise. The House was hushed into silence in a moment. What on earth was to come next? And then came the speech, short and to the point—"Mr. Speaker, I don't know 'nutting' very much about the Constitution, but I know this: I wouldn't give a cent for a Constitution that didn't wash as well in fresh water as in salt." (Laughter.)

I said "cent" there. I understand the Governor used the more simplified spelling. (Laughter.) The House was convulsed, of course, and the appropriation was unanimously passed. Thus was our Constitution changed, not by law, but by laughter. It is astonishing what a good laugh sometimes can accomplish.

Your guest of the evening, gentlemen, had scores of difficulties to overcome, and many problems to solve, but he always solved them. Like the Governor, he rose to the occasion and swept the board, as the Dutch Governor did. The Governor changed the Constitution. You, guest of the evening, have changed world conditions; not only your country, but the whole world owes you an unpayable debt. (Applause.) Long may you

live, Governor-that-is-to-be, and enjoy the world's prosperity. (Applause.)

MR. WILLCOX: The subject for the discussion, "The Commercial Significance of the Panama Canal," means much to those of us in this city, the chief maritime center of the western hemisphere. About ninety per cent. of the ocean passenger traffic to and from the United States passes through this port. The tonnage volume passing through this port is greater than that of any other city in the world. In 1912, eighty-seven millions of tons of freight were handled over the docks and wharfs under the jurisdiction of the city. Notwithstanding the importance of this city as a great maritime center, our port development has gone ahead without any systematic or well-thought-out plan. The city's greatest need to-day is the solution of the port problem along comprehensive lines, which will at all times leave the municipality in control of its water-front. The opening of the Panama Canal, the completion of the Erie Canal in our own state, and the plan for the inter-coastal canal ultimately to connect the Hudson, Delaware, and adjoining large cities will call for an early settlement of plan for a proper and complete development of our local port facilities. The expensive and out-of-date lighterage system, the only means by which the freight of the great West and Southwest can reach our city, must give way to freight tunnels under the North River. Terminals, markets, and warehouses on the water-front must be constructed, and the accommodation for greater oceanic liners must be provided. Unity of organization and administration of the port should be secured in order that the great commerce

that we now have may be kept, and that the greater commerce of the near future may be properly cared for.

We have with us to-night a gentleman who has made a careful study of the questions connected with the port development of our city. He is one of our own citizens, and I take great pleasure in introducing Mr. Irving T. Bush. (Applause.)

ADDRESS BY MR. IRVING T. BUSH,  
*President of the Bush Terminal Company*

Mr. Chairman and Gentlemen: I fear that I am too closely related to the port problem of New York to treat this subject with as light a touch as I would like. After you all have had a good dinner, and while you are smoking a good cigar, I wish that I could treat my relation to this problem in as cavalier a manner as a famous Scotchman treated his domestic relations. He was in the habit of going every market day to the nearest market town and coming home in the dusk of the evening very much the worse for wear, and his wife, after trying everything else, determined to attempt to frighten him out of it if she could. So next Saturday afternoon, as Sandy came reeling home, his wife was hiding behind a tombstone in a graveyard that he had to pass, and she rose up enveloped in a white sheet and said, "Sandy, I am the de'il!" Sandy said, "So you are the de'il? I'm glad to meet you. Come home and have a wee drop. I married your sister." (Laughter.)

At the very beginning of my business career I married into the family of Port Troubles, and while I have never learned the family name, or exactly located the old homestead, and from the fact that I have had a certain

kind of a time ever since, I believe it is the same old Scottish family. Whatever the family is, Father Knickerbocker is certainly the head of it, and I sometimes think that everybody works but father. (Laughter.) He draws plans all day. (Laughter.)

If you will stop to consider that last year *forty-seven* per cent. of the foreign commerce of the United States passed through the port of New York, you will perhaps pardon me for treating in a serious manner the effect of the opening of the Panama Canal upon our commerce, and upon our position as the great port of entry of this country. The very figures which make up the mathematics of this commerce are serious things to understand.

In one year, five thousand ships engaged in foreign trade entered New York, and a total of twenty-eight million, eight hundred and thirty-four thousand, seven hundred and eighty tons of merchandise of this class were handled here, representing *one billion, nine hundred and sixty-six million, two hundred and twenty-six thousand, six hundred and seventeen dollars* in value. This takes no account of the enormous coastwise commerce to other Atlantic ports, or those on the Gulf and Pacific coasts.

The greatness of New York depends upon this commerce, for, while we may well take pride in our giant ocean passenger liners, in our wonderful shops, hotels, theaters, and numberless other things which are the visible signs of the importance of this city, we must recognize, when we stop to think, that underlying it all as a foundation is the freight which is brought here to be financed, insured, stored, and manufactured.

There is hardly a man here to-night, who, if he works,

is not engaged in some pursuit connected with this freight, or in serving someone who is. Take it away from us and even the doctors and lawyers must take in their shingles. We are too apt to forget this, and to let our interest be carried away by those things which have come because we are great,—losing sight of the more prosaic things which make us great.

There is a fascination about the enormous size of the great floating hotels, and the speed of the express trains. We turn to watch as we would a glittering four-in-hand, and say: See New York's commerce. We forget the grimy freight steamer.

I speak for these forgotten work-horses of commerce, which arrive unheralded, discharge, and reload their freight, and disappear into the darkness of the seven seas, perhaps not to be seen by us again for months. I do not ask your sympathy for them, although the real romances of the sea are lived unseen in their forecastles, and not on the quarter-deck of the ocean liner. I urge your respectful consideration because your livelihood depends upon them. Without them the hum of industry would be still and the ocean liner and express train would serve other centers. It is fortunate, therefore, that the commerce of the Canal will be freight commerce, and its completion may bring home to us a better knowledge of what we should do for its accommodation.

We are spending two hundred millions of public money for subways because most of us put our hands in our pockets twice a day for a nickel to pay to ride in them. We take little interest in freight congestion, because it seems to be the other fellow's trouble. We forget we pay for it—that every man spends every day, because of useless handling of the things which he

and his family eat and wear, more than he spends for subway transportation.

The romance of the construction of the Panama Canal is drawing to a close. It is a romance which appeals to everyone. We think of the early attempts and their failure. Then of the beginning by Uncle Sam and how one man after another threw up the job, until the Colonel—there is only one Colonel to us to-day, and I wonder if he won't lose by promotion—tackled it. Then it changed from a romance of high ideal but wasted effort, to the romance of this country—the romance of work well done. So long as the Panama Canal exists, the name of Goethals will be connected with it, but he will soon lay down his steam shovel, and hang up his construction train, and say: "Gentlemen, I have done my work. What are you going to do with it?"

It is time, therefore, that practical men answer this question, and at every seaport on the Atlantic and Pacific and the Gulf men are asking: "What will the opening of the Canal mean to us?" The officials who direct the development of each port of importance, along the thousands of miles of coast of the United States, have seized upon the building of the Canal as a reason for the enlargement of their port facilities, and it would seem to be the opinion of many that the Canal has been constructed for the express purpose of developing the commerce of the particular port which they represent. This is true here in New York, as well as in smaller seaport communities, and a general impression prevails that the completion of the Canal will mean a great increase in the commerce of this port, but nobody seems to have stopped to analyze exactly where the

increase is coming from, or why New York should be particularly benefited. I wish I could agree with this placid view. Remember, I am discussing the effect upon New York alone of the opening of the Canal. Nothing I may say reflects upon the Canal—the greatest engineering work of all time—or upon the great man who has surmounted all obstacles during its construction. We are merely trying to-night to determine its real effect upon New York.

The opening of the Canal will probably not have the immediate effect upon commerce which many anticipate. There will be the same tonnage to be carried the day after the Canal is completed, as existed the day before. New tonnage springs into existence only when new production is created, or another consuming market is opened. The first effect will be a re-routing of a portion of existing commerce.

Let us take a look at the world's commerce with New York, and determine, if we can, what will happen. The commerce with Europe will certainly not be affected—nor with South Africa—nor India, nor the east coast of South America. Where will the change come?

That which will be immediately affected will be the commerce going from the east coast of the United States and from European ports, to the west coast of both Americas. The distance here will be materially shortened via the Panama Canal, and will give the merchant shipping from the port of New York a new advantage. The distance by water from New York to Cape Horn is seven thousand, one hundred and forty-eight miles, and from Liverpool to Cape Horn is seven thousand five hundred and fifteen miles. The distance from New York to the eastern entrance of the Panama

Canal is one thousand nine hundred and seventy-four miles, and from Liverpool to the same point four thousand five hundred and forty-eight miles.

This shows that water-borne commerce to the west coast of South America has to travel at the present time about the same distance from New York and Liverpool to reach its destination, but via the Panama Canal, the port of New York will have an advantage of two thousand five hundred and seventy-four miles.

When you deal with Japan and China and Australia, the distances via the Suez Canal are no longer in some instances, and considerably shorter in others, than will be the case via the Panama Canal, and it is questionable how much of the commerce to and from these countries will be transferred to the new route.

The dividing line is probably Hong Kong. That port is about equally distant from New York via both Suez and Panama, with an advantage in favor of Suez, because of frequent coaling-points, as against Panama and the long trans-Pacific voyage—a severe strain upon the bunker capacity of the average freight steamer. This disadvantage may possibly be offset by cheaper fuel, once Panama is reached.

In any event, it will not be new commerce, but will merely mean that merchandise which is now carried to and from New York by steamer via Suez will, because of a lessening in distance or cheaper toll, or some other reason, be carried via the Panama Canal.

When the west coast of the United States is considered, there will be an increase in water-borne commerce, for ocean commerce in large units is cheaper than rail transportation, and a portion of trans-continental freight now handled by the trunk lines will go from

the eastern seaports to the west coast by water. What this tonnage will amount to is uncertain. That it will be important, no one can doubt.

At first, this tonnage will probably pass through New York, because here all the facilities exist which are necessary to a shipping port; but New York with forty-seven per cent. of the export trade of the country to its credit has, in the long run, more to lose and less to gain than other ports.

Aside from the naval advantage of creating an almost continuous coast line and thus making two great fleets unnecessary—an advantage which is worth the cost of the Canal—there are three definite things which we can see its construction will accomplish:

1. New Orleans will be about six hundred miles nearer the eastern entrance to the Panama Canal than New York, and the railway lines which run north and south along the Mississippi Valley, as well as the boat lines on that great waterway itself, are actively engaged in perfecting plans to divert from New York to New Orleans a large volume of commerce between the west coast and the great middle-western states. Is this, from a selfish standpoint, helpful to New York?

2. This same advantage in distance will bring the Orient and its commerce six hundred miles nearer to New Orleans than New York. Does this help New York?

3. It will put the western coast states in direct touch by cheap water lines with the countries of Europe, without using this port. Will that help New York?

I asked a steamship man, who is the agent for lines from New York to South Africa, South America, India, and the Orient, what effect the opening of the Canal

would have upon his business. He said: "Very little, except that we are planning a new line from New Orleans to the Orient, to divert some of the freight to and from the great Middle West to the shorter route."

Do incidents of this character mean anything? Can we read the handwriting on the wall, or shall we keep on thanking God and Goethals for the Panama Canal, and continue in our unprepared complacency? If the opening of the Panama Canal means one thing to New York more than any other, it means that we should be on guard to protect our commerce, and our position as chief port of entry for the country.

Some of the older men here to-night can remember when all the commerce of New York was accommodated along the Manhattan waterfront. If this could be done to-day, it would be ideal, but it is impossible, and the lines which carry the coarser grades of freight, and require less expensive accommodations, must go to Brooklyn, and other parts of the harbor, and if we are to maintain our commercial supremacy, we must furnish to freight vessels facilities which will meet their full requirements.

I can best illustrate what I mean by telling you of the difference between the Bush Terminal and the west side of Manhattan. At the Bush Terminal we have a series of piers, with wide slips between them; back of them, a working bulkhead; back of this bulkhead, a series of warehouses for the storage of merchandise which is not immediately needed; back of the warehouses, a railroad yard in which are held the cars destined for the vessels, or for any part of our industrial community; back of the railroad yard, a series of manufacturing and industrial buildings, and back of

the industrial buildings, the homes of the working people. These various factors are necessary parts of a modern terminal, and are knit together by a network of railroad tracks. On the west side of Manhattan, you have a series of piers, many of them magnificent in character, but back of these piers extends West Street which separates them entirely from the uplands.

Erastus Winans once likened West Street and South Street to a girdle stretched around Manhattan and strangling its industrial development. West Street interposes a complete barrier between the uplands and the waterfront. The land on the easterly side of West Street, which should be built up to supplement the activities of the waterfront, is chiefly noticeable for its prolific accommodation for the thirsty. It fails entirely to be used for the purpose for which it should have been preserved. It is too late now, for it has been built up, and values have been created which make it impossible to economically devote it to these purposes.

I am not making an argument for Brooklyn—that borough must stand upon its own merit—but for some comprehensive study and development of the entire harbor, although you are all too prone to agree with Simeon Ford's witty description of Brooklyn, as located with Manhattan on one side and Greenwood on the other—midway between pleasure and the grave. You laugh and forget that Brooklyn is to-day stabling the work-horses of commerce, and is housing the industries which would otherwise have moved away from New York. Go read the "To Let" signs on the factory buildings of Manhattan, and then listen to the hum of industry in Brooklyn, and see if that tells you anything.

If I had the time and you the patience, I would tell

you what I think should be done to develop the port, but, after all, it would only be the opinion of one man, and I will devote the few minutes more of time allotted to me in giving you a few "Don'ts" to think about, when this great subject comes up for discussion. These "Don'ts" are fundamentals which must be a part of any practical plan to improve port conditions.

1. Don't join in the popular clamor against the use of the waterfront by the railroads on the west side of Manhattan. I do not say this because I hold any brief for the railroads, although I do think it is time that the poor little rich man is given a chance. I say this because it is of the utmost importance to the people who live and do business in Manhattan, that the railroads be given ample space for the important public service which they perform. The railroads are busy three hundred and sixty-five days in the year, in bringing Manhattan its food supplies, and the merchandise for its shops and multitudinous activities.

Contrast this service with a pier devoted to the accommodation of a passenger steamer. The pier is in active use for the convenience of its passengers for two or three hours when the steamer arrives, and for two or three hours when the steamer sails. During the balance of the week the ship is in port, it is engaged in coaling, provisioning, and loading merchandise—operations which can be just as well carried on in many other parts of the harbor, with economy to the lines.

Stop to think for a minute what would be the result of excluding the railroads from the use of this waterfront. Suppose they all took you at your word, and gave up their Manhattan terminals, and received and delivered their freight in New Jersey. Who would

bear the burden of this extra cost? Not the railroads, but the community living and doing business on Manhattan Island. It is a very popular thing to decry what is called the monopoly of our waterfront by the railroads, but before you restrict the use of this waterfront by the railroads, stop to think for a moment who will pay the price.

2. Don't clamor for low pier rents. There is a certain class of citizen whose favorite theme is to reduce charges for pier accommodation at New York, in order to benefit the commerce of this port. This general statement sounds so plausible that very few people stop to analyze it. It is quite true that we should not exact a high charge for wharfage, but in making the glittering general statement that all wharf charges are high, and should be reduced, the orator of the occasion is usually impressed with the idea that he is suggesting a plan to benefit commerce at the expense of private owners of waterfront. This is not true.

We who are gathered here to-night are representative taxpayers of New York City, and as such the chief owners of waterfront property. It is too late to discuss whether the policy of municipal ownership of waterfront is wise or not. Personally, I think it is wise, but the city has gone too far in this direction to draw back. It has stopped private construction by competing with it. Future requirements must be provided for by the city. The responsibility cannot be evaded.

Since the opening of the Suez Canal in 1869, the city has invested about one hundred and fifty million dollars in waterfront property. The city's income last year from this property was in excess of five million dollars. The policy which the city has started, of

gradually acquiring all of the waterfront of the harbor, will undoubtedly go on and on, until the time will be reached when the city will be the only landlord. There is every reason why the city should receive a fair return upon its investment. It should not exact a price which will drive commerce away from New York, but the advantages of this port are so many that commerce will pay a fair price for its wharf accommodation.

Remember that only a small part of the freight which passes through New York is destined for this city, or originates here. New York is a port of entry for the entire country, and not more than ten or fifteen per cent. of the merchandise which makes up its export and import commerce pays any substantial tribute.

The people of the United States are not large owners of vessel property. Most of the steamers which carry this merchandise are owned abroad, and there is no reason why the taxpayer of New York should furnish free piers for foreign-owned steamships to discharge and load merchandise for western merchants.

New York should be proud of its position as the port of entry for the country, but should deal with this question upon a business basis, and exact a fair return upon the capital which it invests.

3. Don't attempt to force into Manhattan business which can better be carried on elsewhere in the harbor. New York as a city is competing with other cities for business, and as a location for industries. Competition between cities is no different from the competition between firms and individuals. The city which furnishes the best accommodation for the least money will, in the end, secure the industry.

Property in Manhattan is too valuable for other

purposes to be used for manufacturing sites, and if we are to compete with our commercial rivals for manufacturing industries upon the basis of land at Manhattan values, we are handicapped at the outset.

4. Don't accept any plan for the development of Manhattan, or for the development of Brooklyn, or for the development of any other single part of the harbor, unless it will fit into a general plan designed to better shipping and industrial conditions for the entire city. The trouble has been in the past that this problem has not been studied from the standpoint of Greater New York. Spasmodic efforts have been made to better conditions in Manhattan, or in some other borough, but until the problem is approached from the viewpoint of the whole city, and the advantages of all sections—Staten Island, the Bronx, Queens, and even neighboring New Jersey, as well as the claims of Manhattan and Brooklyn,—are considered, no definite and permanent solution will be found.

5. Don't forget the work-horses of commerce—the bread and butter creators of the entire community.

We are celebrating the completion of a great work by a great man who does us great honor by being our guest to-night. New York is a great port with great problems. Its citizens have met these problems in the past in a great way. We are living in an age of great achievements. Is it not a fitting time for us to determine that we will follow the wonderful system of subways now under construction by a terminal development which will protect our commerce, and enable this port to meet every demand made upon us? (Applause.)

MR. WILLCOX: We are very fortunate in having with

us to-night a member of the Isthmian Canal Commission who served from 1899 to 1904, Dr. Emory R. Johnson, Professor of Transportation and Commerce in the University of Pennsylvania. I take great pleasure in presenting Professor Johnson. (Applause.)

ADDRESS BY DR. EMORY R. JOHNSON,  
*Professor of Transportation and Commerce, University  
of Pennsylvania; a Special Commissioner on Panama  
Traffic and Tolls, 1911-1913*

Ladies and Gentlemen of the Economic Club: It was my privilege four years ago to address this Club. At that time, if I remember correctly, it was not co-educational. I am very glad to note that the Club is keeping in step with the progress of the time. (Applause.)

My reference to the co-educational aspect of the Club tempts me to devote one of my thirty minutes to a brief story. The story, as many after-dinner stories now do, concerns the suffragist. In this case there were two suffragists who got into trouble and found themselves in jail. One of the two had been in jail before and was not very much alarmed about her situation. With the other one, however, it was her first experience and she was very much dejected. She sat, much cast down, weeping, when her sister said to her: "Mary, don't weep; don't be cast down. Put your trust in God. She will raise you up." (Laughter.)

Mr. Bush has said that if commerce were to stop, the lawyers and doctors would have to take in their shingles. This is really the first valid argument I have heard in favor of the abolition of commerce. (Laughter.)

We have been told to-night by the one who knows, that the Canal might have been opened by the first of January, and that it is to be opened for the traffic of the world on the first of July. Now that the opening of the Canal is imminent, it seems appropriate to do what this program calls upon us to do—to inquire what the Canal will accomplish, and how it ought to be operated; what the policy of the United States should be in the management of the commercial highway.

The naval value of the Canal has been discussed by Colonel Goethals and, as there is much to be said on the commercial aspect of the Canal, it will be best for me but to touch upon the naval value of the Canal to the United States. The Canal is often spoken of as a commercial convenience and a naval necessity. That, I think, places the emphasis wrongly. The Panama Canal has been constructed, as was the Suez Canal, to afford to the commerce of the world a shortened highway. Nevertheless, the Panama Canal will be a very valuable and a very welcome naval asset. It has been said that the Canal will not double the efficiency of the fleet, but it will certainly double the mobility of the Atlantic and Pacific squadrons of the United States navy. By shortening the distance between our two seaboard from, roughly, thirteen thousand to five thousand miles, the striking efficiency of these two fleets will be more than doubled—more than doubled, for the Canal Zone is also to be a great, perhaps our greatest, naval base, situated from fifteen hundred to two thousand miles away from our shore line.

Some years ago there was much debate as to whether we should fortify the Canal, and you will recall that the first draft of the Hay-Pauncefote Treaty, the one that

was rejected by the Senate, estopped the United States from fortifying the Canal. The Senate wisely amended that treaty, and when it came back to the Senate amended, there was nothing in the treaty against the fortification of the Canal. The United States has wisely made Panama one of our strongest naval bases, a point from which a squadron can go forth to strike a blow, a point to which it can with confidence return, being sure that it will find protection against attack, a place to make repairs, a supply of coal, and other necessities.

It is no easy task in twenty-five or thirty minutes to give anything like a clear estimate of the commercial significance of the Panama Canal. Possibly the most evident effect of the Panama Canal will be the reduction in the cost of transportation between the eastern and western seaboard of our country. That can be measured, because we know what it costs to transfer goods from a ship in the Caribbean or the Gulf across the Isthmus of Tehuantepec or Panama into a ship on the other side. The cost of transfer of two thousand pounds of cargo from the Atlantic to the Pacific, vessel to vessel, across the Isthmus at Tehuantepec averages about three dollars and fifty cents, and the expense is fully three dollars at the Isthmus of Panama under conditions that will exist until the first of July. The canal will effect a saving, then, of three to three and a half dollars per ton in the cost of transferring freight from ocean to ocean.

It may interest you to know how much of that saving is to be taken by the United States in the tolls that are to be charged at the Isthmus. The President has fixed the tolls for the use of the Canal at a dollar and twenty

cents per vessel ton. As we are not all shipping experts who are here to-night, some of us probably do not know the difference between a vessel ton and a ton of cargo. I will run the risk of explaining that a ton of cargo means two thousand or two thousand two hundred and forty pounds, or forty cubic feet of space; whereas a vessel ton means one hundred cubic feet of space. It is usually possible to put into one hundred cubic feet of space from two to three tons of cargo, and vessels in actual service average nearly two tons of cargo for each vessel ton of space. A toll of one dollar and twenty cents per vessel ton means something like sixty cents—fifty to sixty cents—per cargo ton. This is the charge which the United States government imposes for using the Panama Canal. That is about one-sixth of the actual reduction in the cost of transferring goods from ocean to ocean under present conditions. If the United States charges one dollar and twenty cents a vessel ton, it will take for the use of the Canal, roughly, one-sixth of the reduction of the cost of getting goods from one ocean to the other.

Perhaps the most concrete measure of the significance of the opening of the Panama Canal is the tonnage of shipping that will probably make use of the waterway. It may seem like dealing in prophecy to state how many tons of vessels will go through the Canal. It is, however, possible to measure accurately the volume of shipping that would to-day use the Panama Canal if it were open, and it is not such a very difficult statistical problem to measure the tonnage of available Canal traffic. On three occasions it has been measured with all possible accuracy. The French Canal Company kept records for a number of years of the actual move-

ment of vessels, and calculated annually the tonnage of vessels that would have passed the Isthmus if the Canal had been there. In 1900-1901, the Isthmian Canal Commission made a detailed and careful study of the tonnage. Then, in 1911 and 1912, a third study was made. So we have three measurements of the probable tonnage of the Panama Canal, and can calculate the rate at which the available traffic has grown.

These studies show that the tonnage of the Panama Canal during the early years of its operation will be about ten and a half millions vessel tons per annum. The Suez Canal traffic during the past decade has increased seventy per cent. It seems probable that the Panama Canal traffic will increase at least sixty per cent. during the first decade. Should it do so—and I believe that is a conservative estimate—the tonnage of the Panama Canal in 1925 will amount to some seventeen million tons of shipping. That is a second way of measuring the value of the Canal.

Mr. Bush was entirely correct when he emphasized the thought that the effect of the Panama Canal upon trade, while far-reaching, will not be revolutionary. Trade does not suddenly shift from one center to another. The Panama Canal, so far as New York and the eastern seaboard is concerned, merely provides a shortened route by way of which the trade of the United States, with the western part of the United States, with western South America, and with the Orient may be carried on under more favorable conditions. It shortens the time and distance of voyages, but distance is only one factor determining where trade shall be carried on. Under present conditions, the distance from New York to the west coast of South

America is about the same as from Liverpool. We have no distance handicap in the trade of the western coast of South America to-day; but there are to-day six tons of vessels employed in the trade between Europe and the west coast of South America to one ton employed in the commerce between the eastern seaboard of the United States and western South America; and, while the Panama Canal will give us an advantage as regards distance in the west coast South American trade, no very large share of the trade of the west coast South American trade will be shifted from Europe to the United States, until banking connections and merchandising facilities are transferred from Europe to America. Those changes come slowly. European capital is heavily invested in western South America. Our capital is but lightly invested there. This shifting of merchandising, of banking, and of transportation will come about slowly, not rapidly.

Mr. Bush, may I, by way of correction, allude to one remark you made? I think you took an unnecessarily gloomy view of New York. I don't live here, and it looks brighter from a distance, possibly, than it does near-by. Some things do.

Mr. Bush stated that vessels in trading between this part of the world and the Orient, might find the Suez route more advantageous, because of the frequency of coaling-stations. That is true as far as the frequency is concerned, but not true as regards the cost of the coal. To put this concretely, a vessel—one of those "work-horses of commerce" that Mr. Bush told about—may make a round trip from New York to Hong Kong more cheaply by way of Panama than by way of Suez, and there will be no fuel handicap that New York will

have to overcome in competing with Europe for the Oriental trade.

Mr. Bush seemed to be somewhat concerned about New Orleans. New Orleans is a long way off, always has been. (Laughter.) It is a fact that New Orleans is several hundred miles nearer the Isthmus of Tehuantepec than New York is; but the million tons of traffic that crossed the Isthmus of Tehuantepec last year were handled to and from New York and not via New Orleans; and I do not anticipate that when the Canal is opened, the merchants of New York are going to New Orleans to conduct business. They will probably stay here and build up trade (applause), and if New Orleans should develop some new commerce, and I hope and think she will, it will not be at the expense of New York; it will be for the profit and increase of the trade of the entire country. We think sometimes that we can get ahead only by some one else going backward, but usually people get ahead by all going ahead. (Applause.)

My watch says I have occupied half of my time, and I want to say something on the subject. (Laughter.) I mean the subject that I am particularly interested in, the question of Panama tolls, and the way in which the Canal should be managed. Somehow this Club has a way of considering public questions at very opportune times. I remember four years ago when I spoke here, the subject up for discussion was the Commerce Court and the Mann-Elkins Bill, which later became a law. You were then debating whether Congress should pass a bill for the regulation of inter-state rail carriers more efficiently, and the side I was on that night won out and the Bill was passed. The side I wish to speak on to-night, will, I believe, win out,—that the toll exemption

clause of the Act of August 24, 1912, should be repealed. (Applause.) That settles it. If you business men of New York are in favor of it, Congress will be.

The United States has built the Canal as a trustee for the nations of the world. The only justification for our having taken the Isthmus or any part of it was that we might there construct for the equal use of the world a great world-highway. Fifty years ago when we first considered a canal at the Isthmus, we were not thinking of a government enterprise. Our country was, however, interested in the proposed canal and so was Great Britain, and we invited her to unite with us in the neutralization of the Canal. The two countries entered into an agreement that neither one should secure possession of the route. The principle of neutralization has been continued without modification in the Act of August 24, 1912.

When we came to construct the Canal, we were obliged to ask Great Britain to agree to relinquish our country from its promise not to obtain control of the Canal. Great Britain agreed to terminate the Clayton-Bulwer Treaty and to accept the Hay-Pauncefote Treaty, and we in return therefore agreed that vessels of commerce and of war of all nations should use the Canal on terms of entire equality, so that there should be no discrimination as regards the charges or conditions of traffic or otherwise.

If there were, however, no Hay-Pauncefote Treaty, it would be unwise for us to exempt the coastwise shipping from the payment of tolls. I have never been opposed to, indeed I have often advocated, government aid to the merchant marine. That aid, however, should go to the marine that needs assistance, that part of the

marine which has to compete with vessels owned by foreigners and operated under foreign flags. As long as American vessels have the exclusive right to engage in the coastwise trade they do not need further government aid or protection. (Applause.) The coastwise carriers now are prosperous. The opening of the Canal, and the large reduction in the cost of transportation, will make their business yet more prosperous. The owners of the coastwise ships do not need this aid from the government, whereas the government itself does need the revenue.

The government needs the revenue because the Panama Canal should be so operated and managed as to make it, if possible, commercially self-supporting. It is not necessary nor is it desirable that the shipping which uses the Canal should pay the naval expenses connected with fortifying and defending the Canal. The Canal is such a great naval and military asset that the people of the United States will be fully justified in increasing ten to fifteen million dollars a year their naval and military budget in order to maintain the fortifications and the naval base at Panama; but, as regards the support of the Canal commercially, it seems clear that those who derive immediate profit from the use of the Canal, should pay for the maintenance of the Canal.

In order to make the Canal commercially self-supporting, the United States will need to obtain about nineteen million, two hundred and fifty thousand dollars annually,—something of a sum. That total is made up of the estimated three million, five hundred thousand dollars operating expense, five hundred thousand dollars for Zone sanitation, two hundred and fifty thousand dollars a year payable as an annuity to the

Republic of Panama, eleven million, two hundred and fifty thousand dollars—three per cent. on the cost of the Canal; and one per cent.—three million seven hundred and fifty thousand dollars a year—to provide for a sinking fund to amortize the Canal debt during the next fifty years. If the present rate of tolls is imposed upon all shipping, the Canal revenues during the early years would be only about twelve million, six hundred thousand dollars, and if the rate of tolls, a dollar and twenty cents per vessel ton, are imposed upon all shipping throughout the first decade, the annual revenues at the end of the decade will be nearly twenty million dollars. But I do not predict the maintenance of a dollar and twenty cents a vessel ton as the rate of toll for a period as long as ten years. The present rate of tolls at Suez is one dollar and twenty-one cents, and the Panama tolls were made practically the same as the Suez tolls; but the Suez Canal Company has reduced its rate of tolls four times during the past decade. I assume that the people of the United States will deem it wise to decrease the rate of tolls, during the next decade, to probably one dollar per vessel ton, which will bring the probable revenue at the end of a decade down to about seventeen million dollars if all vessels pay tolls. If the coastwise ships should be exempted from tolls, the revenues after ten years will probably not exceed fifteen million dollars a year.

It is clear that unless all vessels pay a reasonable toll for the use of the Canal, the taxpayers of the country, who have put something like three hundred and seventy-five million dollars into the construction of the Canal, will have a continuing burden to carry because of the Canal.

If the Canal is to be made a continuing burden upon the taxpayers of the country, it ought to be because it is not possible, without unduly restricting the usefulness of the waterway by those who directly gain profit from its use, to secure the requisite revenue. The taxpayers of the country ought not to carry this burden for those who use the Canal, if those who send ships through the waterway can carry the expense without unduly burdening themselves, as I think they can. For that reason I have opposed the coastwise toll exemption.

Just one word more and I am done. The Panama Canal is to be opened in order that the shippers and the traders of the United States, may gain from its use. It is certain that the Canal will reduce appreciably the cost of transportation between the two seaboard of the United States. I do not think the rates of freight by water between the two seaboard of the United States will be reduced as much as the cost will be lessened. In all probability the rates charged the shippers will not be reduced anywhere near as much as the carriers' cost will be lessened.

If freight charges were to be determined mainly or primarily by the cost of transportation, we might expect the people of the United States automatically to gain from the opening of the Panama Canal. However, transportation charges are more apt to be what the traffic will bear, what the shipper can afford to pay, than what it costs the carrier to perform the service of transportation. If competition were active among railroads, between the ocean carriers and the railroads, and among ocean carriers generally,—if competition were full and free,—we might look forward to the shipper

and the trader getting the benefit of the reduction in the costs of transportation that will be effected by the Panama Canal. Competition, however, will not be full and free.

About two years ago the House of Representatives instructed its Merchant Marine Committee to investigate the subject of the relation of ocean carriers to each other and to the railroads. That Committee has, after two years of work, and with the assistance of an able expert, prepared a report which has just been published, and which brings out most clearly the fact that the relation of ocean carriers to each other is essentially the same as the relation of railroads to each other, that the principles that have been found necessary to apply to the regulation of carriers upon land will be found necessary to apply to the regulation of carriers by water,—at least the coastwise carriers.

One of the inevitable results of the opening of the Panama Canal will be an imperative demand for the regulation of ocean carriers by applying to them the same principles that have been found effective and beneficial in the regulation of carriers by land. If these principles are so applied, New York and all parts of the United States will derive greater benefit from the use of the Panama Canal. (Applause.)

MR. WILLCOX: For many years, if we wished to obtain the views of a distinguished writer on public questions it was necessary for us to buy a Philadelphia paper, of which that gentleman was the editor-in-chief. But he is now living in this city, and is the Dean of the School of Journalism in Columbia University. I take great pleasure in presenting Dr. Talcott Williams. (Applause.)

ADDRESS BY DR. TALCOTT WILLIAMS,  
*Director of the School of Journalism, Columbia University*

Mr. President, Gentlemen and Ladies: The suggestion has been made by the previous speaker as to the effect of female suffrage upon the familiar utterance of belief, or practice, but if anybody imagines that when female suffrage commits its way to the Lord and "She" brings it to pass, those who have lately secured the vote will be willing to sit in galleries around this hall and watch other people dine, and then hear other people speak, my predecessor and friend made a serious mistake as to there being any difference in human nature between men and women. (Applause.)

The suggestion has just been made that possibly it might be well if the abolition of commerce led to the abolition of lawyers. But if the Panama Canal is going to bring legislation of regulating all ocean freights, when I remember how much has had to be spent in supporting lawyers during the last thirty years deciding how railroad rates can be regulated, I look forward to such a legal harvest as the world has never seen (laughter) if the more difficult task of regulating ocean freight takes place. Yet some regulation is inevitable if this city is to continue in its place. Of all cities the world around this city stands first in its interest in that great monument of engineering and of efficiency, the Panama Canal. This city was built by canal builders, who came from Holland. This city owes the trade of the continent to one canal—the Erie Canal. It is to secure the trade of the world through another channel—the Panama Canal. New York began a mere seaport. It has come to be the great entrepôt

of a continent. It can confidently look forward to a period when it will be the center of the world's trade, and through the Panama Canal will be able to command the trade of both oceans.

The sundering of the Isthmus brings within reach of this city the entire west coast of South America, a population, one-third that of South America, of some twenty millions, and all told with three hundred millions dollars of trade. But this, after all, is but a small addition. The other part of the world which is directly brought nearer to New York than New York is already through the Suez Canal, is the Australian Continent and New Zealand. In Australia there are five millions of our kin with exports of some four hundred millions, with imports of some four hundred and sixty millions, and out of that the United States receives in one case one-tenth and in the other one-fortieth. There is the great territory to which this city will naturally turn in its commerce, because whatever is produced on our eastern coast is needed by those new colonists. There is also added by the Panama Canal the new entrance to the coast of Asia. As far as mere distance goes, the Panama Canal changes little, as has already been said. The trip through the Panama Canal to the coast of China varies little in length from the trip to the coast of China through the Suez Canal. You have already heard of the advantage of the older route in coaling-stations, but the great difference which is made by the building of the Panama Canal is that New York is left the only city in the world having equal commerce and our commercial position, which, from the day the Panama Canal is opened, has two competitive routes to the trade of the East. For every other city one or the other of these

routes is shorter. One of these routes or the other offers advantages in mileage which render competition in tolls impracticable; but in the case of New York there will be the same mileage and substantially the same cost of transportation.

The great change which has come during the thirty years during which the Panama Canal has been under consideration, and the nearly fifty years that have passed since the Suez Canal was opened, is that we began thinking in terms of tonnage of from three to five thousand tons. We began when the Panama Canal was first planned by a French Company, to think in terms of tonnage for each vessel, of about one-half to twice that size. When the plans for the Panama Canal were first made we were thinking in terms of displacement of eighteen or twenty thousand tons, and we now think in terms of twice that displacement. The result is that the difficulty in reference to coaling-stations has largely disappeared.

But that is not the only advantage this city is to possess. By a strange succession of events which gave this city its commercial supremacy through one canal, there opens another commercial empire through a second canal. It has also come about that the trade of the world is turning from coal to oil. No one who is watching the fashion in which internal combustion engines, like the Diesel engine, is revolutionizing the creation of power can fail to remember that while, at the time the Panama Canal was first clearly planned by American engineers, men were looking to the triple expansion engine as the measure of progress; to-day they are looking forward in the future to the oil engine as giving the method of transporta-

tion which will do for the commerce of the world what the triple expansion engine did for the engine of the previous day. It will stop the entire system of transportation to-day and require the re-engining of vessels. It has been said that the burning of a single sheet of paper would give under the triple expansion engine enough force to carry a ton a mile. It is true of the Diesel engine that one can say it would carry ten tons a mile—that the burning of a match would be enough to carry ten tons a mile. As I contemplate this audience and remember how many matches have been burned at these tables during the last three hours, I am inclined to feel, taking those that are sitting here—I cannot in this public place include the two or three hundred that sit above us—(laughter) it is probable that there has been enough energy generated in this way, if used by a Diesel engine, to carry a ton not a mile, but something like a thousand miles, possibly very likely something like five thousand miles. And let me remind you, for that is the strange link which comes next, that the present source which promises to offer the largest supply of oil for this purpose is either on the Gulf of Mexico or the Pacific. So it has come to pass that the United States, of whom a Spanish ambassador said a hundred and twelve years ago that there was a strange providence that watched over children, drunken men and the United States (laughter), is true to its luck. Whatever blunders the United States has made, in the end it is always ahead in the race.

Now, I want to call your attention to the strange fact that at the very moment when the Panama Canal offers a competitive route to this great city and to this great

commercial center alone, because no other has the advantages of two routes of the same length; at the very moment when the Diesel and other engines which use oil spell the future hope of transportation, and at the moment when it will be necessary to remodel the transportation of the world exactly as it had to be remodeled thirty or forty years ago through the invention of the triple expansion engine, New York City looks out at the completion of the Panama Canal and the presence on the line which its vessels must take, on the largest oil supply accessible for this purpose to-day. And with the prospect that the regulation of ocean rates can begin because the United States government has control of one of the two great world thoroughfares, responsible to no one else in its use except as it is the trustee of the world's commerce and is bound to give all an equal justice and equal opportunity. (Applause.)

'So far as tolls are concerned and exemptions for American bottoms, the real issue is whether the Panama Canal shall be the monument of national faith or the grave of national honor. (Applause.) Whether it shall represent the country which keeps faith whatever the cost may be, or instead it represents the country which endeavors to dodge between bargains.

But when we come to the regulation of ocean rates, the real question is whether this great country, which has applied the principles of justice to competition in transport by land, and began a system which every country is slowly following, shall also be the one country which applies the principle of justice to transportation by sea and insists that the capital invested in that transportation shall not be the only judge of what the traffic will bear. In that great step forward the United

States is about to lead, not by exempting its own bottoms, but by insisting upon justice for the shippers of every nation. (Applause.)

When this great change has come, then the Panama Canal, with vessels engined with oil, with a cheapness of transportation which has never before existed, will mean freedom from the necessity of frequent coaling-stations. The policy of the United States gave these unwittingly, at the very moment when we began earnestly to work on the Panama Canal,—the only series of coaling-stations across the Pacific which are under no flag whatever except our own. These various things, which have come together one after the other, point step by step, within a decade to a condition of affairs in which the United States will be able to give to this great city, and this great city can claim of the United States, justice for every shipper in rates, the lowest possible rate consistent with a small profit for the commerce of the world on all its oceans, the opportunity through competition to bring rates to a fair level, and the prospect of that cheapening which came about when the Erie Canal was opened and rates of freight actually dropped from one dollar to three and a half cents, and the time of passage dropped from twenty days to ten days. As I remember the little city of less than one hundred thousand population in a state of less than a million, with not one-fifth of one per cent. of the total wealth which the United States enjoys to-day, every citizen of New York state and city must feel that the achievements of that city and state just one hundred years ago were equal to that which has been discharged to-day by the nation. It will be in a year just one hundred years since the New York legislature

first decided that the Erie Canal should be built. The two canals, Erie and Panama, come into existence a century apart in the service of the same great city, certain to open to it the trade for which all cities have thirsted from the days of Tyre to the days of London.

Reference has been made to banking facilities. I am before an audience which probably contains more men who have carefully studied the new banking and currency law than can be gathered anywhere else in the United States. I have no possible doubt in my own mind that everyone who has studied that instrument has reached the conclusion that, while it has its risks, while it opens dangers, while much must be trusted to the Board that is now to control the banking credits of the land, there is also no possible question but that it enables the United States to step with its credits into the world's commerce on a large scale, with a facility, a certainty, and security which it has never possessed before under a mere security and asset banking system. (Applause.)

I have carried you through a long chain of historical events extending over the century. I have pointed out to you the fashion in which the greatness of this city was made in the first instance by the Erie Canal until it is now on the threshold of a still greater century at the opening of the Panama Canal. I have pointed out to you how it gives the opportunity both of preserving national honor and of securing justice for the world's commerce. Let me remind you that if complete fairness is to be secured for American commerce, we have to remember that every German steamer which passes through the Canal has its tolls paid through the subsidy which is given to it, and, as Sir George Grey said in his defense

of this government, neither the world nor England had charged the United States with breach of faith if it compensated itself, from its own treasury, for the payment of canal tolls on its own shipping. Remembering that this state threw forty millions into the Erie Canal and twenty millions more for laterals and reduced rates, so that for a season men thought there could be no return on the undertaking, until every dollar which had been placed in the Erie Canal, principal and interest, had been repaid through a system of cheap tolls, I believe that the Panama Canal in the end will prove to be a national asset of great value if the liberal policy is used toward ocean rates which New York State once used in regard to canal rates. Please follow, if liberality is shown towards the commerce of the United States, if in a moment of transition our flag again comes upon the sea, if we take advantages of the opportunities alike of competition and an oil supply, if we add to this the advantage that other nations enjoy, we shall find that a commerce which to-day takes half the silk of China and consumes it in the United States; that the commerce which is to-day using half of the rubber of the world and derives it from routes which are aided by the Panama Canal; that a country which, through the whole range of products of the East, is passing on rapidly to a position at which it consumes half of the output, and has the supply of iron with which the two hundred thousand miles of railroad which China must needs build within the next thirty or forty years, it is inevitable that this city which we look upon to-day, with its four millions and a half to five millions of population, and the trade of a continent, will be within the life of the youngest of those who sit with us this evening, a

city possessing the trade which passed from Amsterdam to London, and is destined to pass from London to New York. When that day comes and men see that, I hope that on our waterfront which fronts the Narrows there will stand two statues side by side, the statue of De Witt Clinton, who created the Erie Canal, and the statue of Colonel Goethals, who created the Panama Canal. (Applause.)

MR. WILLCOX: The officers of the Economic Club have invited the National Institute of Social Sciences to take part in these exercises, and the representative of that organization is here. I take pleasure in introducing him—Dr. Hamilton Wright Mabie. (Applause.)

ADDRESS BY DR. HAMILTON WRIGHT MABIE,  
*President of the Institute of Social Sciences*

I have no doubt, Mr. Chairman, Members, and Guests of the Economic Club, that at this instant the distinguished guest of honor wishes he were on the Isthmus, and proposes when he gets there never to leave it again. I have no doubt that after what he has gone through this week, he would rather face the contagion of yellow fever, or even the visit of a Congressional Committee. (Laughter.) I believe that the medal which I have the pleasure of handing to him is the third gold medal he has received within four days. It is quite evident that he is a mono-metallist and that he is permanently on a gold basis.

Many of you may ask why the Club not only extended the courtesy of this occasion but invited the National Institute of Social Sciences to bring its medal here for

presentation. (Laughter.) Forty-nine years ago the American Social Science Association was organized. Sixteen years ago that organization, which has long held a foremost place by reason of the dignity and standing of its membership and its ability in dealing with large public questions, organized as a branch the National Institute of Arts, and Letters. Two years ago it organized the American Institute of Social Sciences, the object of which is the recognition of distinguished services to humanity.

At a time when every kind of infidelity to duty, to honor, and to good faith, is reported from one end of the continent to the other; when it seems sometimes as if the very air we breathe were infected with dishonor, and as if we were hypnotized by evil, it has seemed wise, not as a matter of honor to men who have accomplished great tasks or rendered great services, but, as an attempt to fasten the attention of the nation upon things that make for honor, for honesty, and for national service, that these good deeds, that burn like candles in a naughty world, should be set aflame along the public highway. To-night it is my privilege to commemorate by this simple ceremony one of the greatest deeds that has ever been performed by an American. It is really pathetic to see how completely the admiration of the country has centered upon the guest of the evening, not only because of the distinction of his service, but because he has sustained and vindicated American integrity (applause), because he has identified a great work, involving enormous expense of money, with the highest standards of honesty. We have been accustomed to expect such achievements from the men who have come from the famous school of which he is a graduate, but

it has remained for him in the greatest undertaking of its kind upon which the United States has ever entered, to conduct it with conspicuous freedom from everything that lowers not only the perfection with which that great undertaking has been handled on every side, but its human dignity as a moral and spiritual achievement. (Applause.)

Much has been said about the relation of this great enterprise to the commerce of New York and to the country. May I suggest that other view which the world takes and the future will take, the larger relation of this great work to civilization?

Any man might envy Colonel Goethals' task because of its difficulty; for strong men like to measure themselves against obstacles. Other men might well envy him that great task, because it unites in such an unusual way the vision of the imagination, scientific skill, and that combination of integrity and power which we call character. This task has appealed from the very beginning to the imagination of the world. It has fallen to the lot of this American to bring to pass one of the dreams of the world, which for many generations haunted the mind of Europe. To-day, by his hand, the long-sought-for, long-deferred Northwestern Passage to the Far East, is opened. More than that, it has fallen to him to do one of the greatest things that ever falls to the lot of man to accomplish—to fulfill a great prophecy. The Panama Canal has somewhat haunted the imagination of men of vision and genius for a long time past. The most striking of modern prophecies in its clearness and comprehensiveness was that of the greatest man of letters of the eighteenth century; a prophecy so striking and so noble in expression that I

hope at some place on the Canal it will be put in permanent form. I refer to the famous prophecy of Goethe, confirmed some years after by a man of much less genius but of noble character, the English poet Southey. When that prophecy stands somewhere on the borders of the Canal, then will be brought to pass in the vision of the world that which sometimes happens when great achievements come to perfection: the co-operation of the creative imagination and the constructive imagination.

It has fallen to Colonel Goethals to extend the neighborhood. Someone has said that the nineteenth century made the world a neighborhood, and the twentieth century will make it a brotherhood. Only a few years ago a neighbor was the man who lived in the immediate vicinity; now he is the man who lives in Japan and China. Three hundred years ago if you went to the Far East you encountered all sorts of peril, and were lucky if you returned in two years. To-day a man may leave New York at night, be in Vancouver four days later, and ten days after may be getting his first vision of Fuji as he passes up the Bay of Yokohama; so that Japan is now fifteen days from New York. That means that Japan is our neighbor and that the Japanese are our neighbors. This great task extends the neighborhood into which the Western World has constituted itself to include the Far East, and I venture to predict that this is one of the most dramatic events in the history of the world, and it will be seen in a few years that the rise of that great slumbering section into activity, its return as an active contributor to the civilization of the world, will be immensely hastened by this enterprise.

I am reminded of the words of that high-minded

and unfortunate Japanese patriot, Saigo: "A man who seeks neither life, nor name, nor rank, nor money is the hardest man in the world to manage and such only can bring great things to his country." Now, the guest of the evening is one of the small group of absolutely unmanageable men. (Applause.) I do not mean to say that either his life or his career has ever failed to exhibit the highest reasonableness, but I do mean to say that while he has been the brain and the hand of a colossal task for humanity, he has never been any man's tool. (Applause.) I am sure that no tribute will be more welcome to him, in spite of his soldierly modesty, than that which Americans are going to say of him in the future,—that he has incarnated the three great words that constitute the motto and interpret the spirit of the school on the Hudson, where so many brave and honorable Americans have been educated: "Duty, Honor, Country." (Applause.)

One year ago, when Mr. Choate presented a replica of this medal to Ex-President Taft, he remarked that he would place it on his bosom if he could find it. (Laughter.) It gives me great satisfaction to present this medal, in the name of the American Institute of Social Sciences, to a man whom every American knows *where* to find. (Applause.)

#### RESPONSE BY COLONEL GEORGE W. GOETHALS

I will request the President of the National Institute of Social Sciences to express, and I hope more adequately than I can do, my appreciation of the honor which that Institute has conferred upon me. Every West Pointer

has the motto, "Duty, Honor, Country," before him every day of the four years he remains in that institution. Every man who graduates from West Point looks back upon it with more veneration and respect than the graduates of most of the institutions in this country, and every graduate of that institution attempts to live up to the motto of it. We are also taught that the only reward that is justly ours is the consciousness of duty well done. Under such circumstances, therefore, it is difficult for me to consider the distinguished service that I have performed, because of the fact that I have done only that duty which the government has trained me for and educated me for. There can be nothing personal in this honor, but it must apply to all whom I have had the fortune to command, for every man in the organization has done his duty as faithfully, and as loyally, as the chief; and I accept the honor in the name of them all. (Applause.)

MR. WILLCOX: This completes the program of the evening, and I am sure I express the wishes of the Club when I thank Colonel Goethals for his attendance here and wish him Godspeed in his future work. (Applause.)

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## TWENTY-EIGHTH MEETING

Monday Evening, April 27, 1914

HOTEL ASTOR

GUEST OF HONOR

HON. GEORGE W. WICKERSHAM

Attorney-General in the Cabinet of President Taft

SUBJECT

*THE PENDING TRUST BILLS*

SPEAKERS

PROF. JEREMIAH W. JENKS

New York University

SAMUEL UNTERMYER

Of the New York Bar

CHARLES F. MATHEWSON

Of the New York Bar

HON. ATLEE POMERENE

Senator from Ohio

HON. GEORGE W. WICKERSHAM

Annual Election of Officers Preceding the Addresses

WILLIAM R. WILLCOX, *Presiding*

Vice-President of the Club

## *THE PENDING TRUST BILLS*

### ADDRESSES

#### PRECEDED BY THE ANNUAL ELECTION OF OFFICERS

MR. ELY: In the absence of the President, I have been asked to preside during the preliminary part of the meeting this evening. (Applause.) I am sure Mr. Speyer appreciates the applause which I know is intended for him. May I read a telegram from Mr. Speyer:

Please express to the members of the Economic Club my sincere regret that I cannot be with them and preside at to-night's dinner, which I particularly wished to do, but an important business engagement keeps me here. Please also tell them that I thank the members of the Club for the honor they have done me in having me President for the last two years, and I appreciate all the kindnesses they have shown me during that time.

JAMES SPEYER.

This is sent from St. Paul, Minnesota.

According to the Constitution, this is the regular time for the election of officers. A Nominating Committee, in accordance with our custom, was appointed by Mr.

Speyer, and Mr. A. C. Bedford will be so kind as to present the report of that Committee, which is in your hands in printed form.

**MR. BEDFORD:** In accordance with the Constitution, the annual election of the Club takes place at the last regular meeting of each fiscal year. There are to be elected this evening, therefore, for a term of one year, from October 1, 1914, to September 30, 1915, a President and two Vice-Presidents; likewise five members of the Executive Committee for a term of three years, from October 1, 1914, to September 30, 1917.

The five members of the Executive Committee whose terms expire September 30, 1914, in accordance with Article III., Section 2, of the Constitution, are not eligible for re-election until after the expiration of one year.

Article III., Section 1, of the Constitution provides that the Treasurer and Secretary shall be chosen by the other members of the Executive Committee.

In accordance with the custom of previous years, the President of the Club appointed a Nominating Committee of five members to submit a suggested list of names of officers to be elected at this meeting. The report of this Committee is as follows:

#### REPORT OF THE NOMINATING COMMITTEE

After careful deliberation your Committee respectfully nominate for your consideration the following candidates for the offices of the Economic Club of New York, to be filled at the election this evening:

For a term of one year, from October 1, 1914, to September 30, 1915:

*President*

WILLIAM R. WILLCOX

*Vice-Presidents*

FRANK A. VANDERLIP  
GEORGE B. CORTELYOU

For a term of three years, from October 1, 1914, to  
September 30, 1917:

*Executive Committee*

JAMES SPEYER  
FORREST F. DRYDEN  
LUDWIG NISSEN  
THEODORE P. SHONTS  
GEORGE W. WICKERSHAM

Respectfully submitted,

EDWIN S. MARSTON, *Chairman*  
A. C. BEDFORD  
ALEXANDER D. NOYES  
JOHN A. TOPPING  
S. HERBERT WOLFE

*Nominating Committee.*

MR. ELY: You have heard the report of the Nominating Committee.

MR. TRUMBULL: Mr. Chairman, I move the acceptance of the report of the Nominating Committee, and that Dr. Albert Shaw be requested to cast one vote on behalf of the Club for the gentlemen designated in the report.

MR. ELY: The motion is made that the report of the Nominating Committee be accepted, and that Dr.

Shaw be requested to cast one ballot for the persons suggested in this report for the offices for which they are designated. Are there any remarks? This motion must be unanimous in order to prevail. All in favor of this motion will please to say Aye; opposed, No. The motion is unanimously carried and the gentlemen named are elected. (Laughter.) I do not quite understand what this hilarity means, but I assume that it is intended as a compliment to the intelligent workings of democracy. (Laughter.)

It is now my pleasure to invite Mr. Willcox to take the chair. At present he is Vice-President of the Club, but his characteristic modesty has prevented him from doing what I do far less well. Mr. Vice-President Willcox, Mr. President-to-be. (Applause.)

MR. WILLCOX: Gentlemen of the Economic Club: I thank you most heartily for this evidence of your confidence in electing me President of this Club. The work of this organization in the years that have passed and the men who have preceded me in this office are in themselves an inspiration and ideals toward which one may well work. I deeply regret that at this, the last meeting of the year, Mr. Speyer is not permitted by his engagements to be present. Therefore, it devolves upon me to take his place in introducing the speakers of the evening. I know that you all have looked forward with keen anticipation to the discussion of the subject which we have before us for this meeting, for, while we have heard much upon the trust question in the past few years, I doubt whether many of our citizens are very well informed upon the subject of this evening, which is "The Pending Trust Bills" now before Congress.

We have here to-night, as speakers, experts on the question, and it gives me great pleasure to introduce as the first speaker a man who is well known as a student of the subject and who is known throughout this country as an authority on economic questions. Professor Jenks.

ADDRESS BY PROFESSOR JEREMIAH W. JENKS,  
*New York University*

Members of the Economic Club, Ladies, and Gentlemen: We have heard much with reference to the legislative program of the President of the United States, and of Congress. Two-thirds of that program in the opinion of most people has been completed. The most difficult, and, in my judgment, the most important measure of the three that have been proposed is still pending, the trust bills. So far as we can judge from present indications, it seems that there is grave danger that the country may not gain from the passage of the bills now before Congress. I feel that I am personally peculiarly favorably situated for speaking this evening, because I have had no part in preparing the measures now before Congress. Fortunately, also, I have no constituents to be responsible to; nor have I the duty that rests upon every member of Congress to consider carefully not only what he would like to have, but what it is practically possible to get. Therefore, I can speak with perfect frankness, and that is what I propose to do.

It is important that at the beginning we realize what the present status of affairs is. We have had under the Sherman Law many cases decided, and there are

others still pending. We have had the Attorney-General making bargains with various of the great corporations, and we know something of the nature of those bargains, so that we are in a position perhaps to judge where we stand.

In the first place, it seems perfectly clear that it is not under present circumstances considered legal for manufacturers themselves to determine the prices at which their product shall be sold by the retailers. Whatever the opinion of the Court may be with reference to that matter,—and I do not question, of course, the wisdom of the Court in the application of the law as such,—it is certainly the opinion of a very large proportion of the business men of this country, and I should say of practically all economic students, that this state of affairs is unfortunate, and not for the best business interests of this country. So far as I can see, the bills that are now pending in Congress do not touch that question. In my judgment, it would be wise if they could touch that question.

In the second place, after the decisions of the Supreme Court in the Standard Oil and tobacco cases, laying down the principles that the Sherman Law should be interpreted in the light of reason, we may assume that it is possible that there may be certain restraints or limitations of competition by agreement between different parties in production which, if they are clearly in the public interest, may still be considered legal.

In the third place, and I am not sure but this is the most important thing of all, it seems to have been decided in those cases that the law should be adjusted from time to time to meet changing conditions of

business. Such adjustment should be made, of course, primarily by Congress, but it is also suggested that to a certain degree, at any rate, such adaptation may be made by the Court.

In the making of these decisions and also in the current discussions before Congress and in the public prints, there are certain assumptions made ordinarily, assumptions that in my judgment are not always sound from the economic viewpoint.

It is assumed, for example, that monopoly is always wrong; that monopoly is always contrary to the public interest. A few days ago I happened to be in Kansas City for a little while. I attempted to call a friend on the telephone. I thought it very strange that a physician of high standing should have no telephone in his house, although I found one in his office. I went to bed that evening, having failed to reach my friend. The next morning I found it was because there was competition among two telephone companies in Kansas City; and he had only one telephone at his residence. I spoke of the matter afterwards to my friend, and he said that competition in the telephone business was a nuisance and an abomination; that he would prefer monopoly. (Applause.) I think that any one who has had to deal with competing telephone systems is quite of the opinion that there is in some instances, at any rate, a desire for a monopoly, and that monopoly is justifiable, although, of course, we would all agree that in a monopoly of any kind there should be public control, so that monopoly should not abuse its powers.

It is also very generally assumed—and that creeps out everywhere in the decisions of the Court, and in practically all of the arguments we listen to—that com-

petition is practically always, if not always, a blessing. It is true that in some of the discussions of Congress it has been suggested that there might be such a thing as unfair competition which would be contrary to the public interests; but, generally speaking, the opinion is that competition is always a benefit. Nevertheless, any one who is a student of these affairs knows that perhaps next to the element of human greed, competition as an economic force has been responsible for a great part of the social evils of the times. Child labor, woman labor, adulteration of food,—many other evils might be mentioned that have come primarily from unrestrained competition.

Connected with these two assumptions that have been made regarding monopoly and competition is the further assumption that the Court has acted upon,—so far, at any rate, that monopoly being an evil and competition being a good, the remedy for any evil that might come from a great combination is to split the combination up and attempt to induce competition. I suppose that it is not necessary for me to go again over the story that has been so many times told of what the results have been of this splitting-up of our combinations. I was talking a little while ago with one of my friends who knows pretty thoroughly the tobacco business. I asked him what had been the effect upon the consumers of the decision in the tobacco cases. He said that so far as he knew there was not any reduction in the price of cigars or of any kind of tobacco. He did concede that the magazines, at any rate, had been able to reap some benefit from the added advertising that has been made necessary, in order that the new competing companies might establish

new brands, new brands which were not necessary to the public, because they were of the same type as the other brands, excepting that the company had to make a name and reputation for them. I expect, of course, that the newspaper men and the magazine editors will be glad that that decision was made. I know of no reason at all why the great mass of the consumers of tobacco should rejoice over that decision. The principle, it seems to me, was wrong.

The trouble comes, does it not, to a very great extent because most of us are subject to the limitations of our time, and I suppose I might say, to the limitations of our intellects as well, as also to our mental and moral inertia. If one did not wish to be quite so polite he might say that we are mentally under the "tyranny of words." When we have learned a word with one meaning, though a change in circumstances ought to give to that word a different meaning, we still abide by the former meaning. In that way we are in many cases led astray in our reasoning. Monopoly, as we know historically, first came into the English law in the days of the Tudors and Stuarts, when a monopoly was a legal privilege granted by the king to an individual or group of individuals to be the sole sellers of some commodity. Naturally, that power was abused. Naturally, monopoly in those days was a great public evil that ought to have been abolished. But at the present time, with the exception of some of our patents, there is no monopoly in the United States in the earlier sense of that word. Not one of our great trusts, our great combinations, has any control of the market in any way conferred upon it by government and, moreover, as a matter of actual business, and of actual facts, not one of

our great combinations has anything like a complete control of the market in any way. It is true that as powerful competitors at times they have had, temporarily, at least, a good deal of influence upon the market, but nothing like a monopolistic influence in the definite, positive sense of that word. The situation has changed. When we use the word monopoly now, we are not talking about the same thing at all that people were talking about when the legal meaning was first given to the word, and in consequence, if we retain the old meaning,—and if we may judge from the debates in Congress and even from the decisions of the Supreme Court, the old meaning is retained to a considerable extent,—is it not likely that we are making a great mistake? Is it not likely also that when we are considering the remedies that should be applied to the evils that come from our corporations—evils undoubtedly do come under our present trust system—we are making another mistake from the same misuse of the word? The remedy that was good for the evil in the days of James the First is not necessarily nor probably the remedy that is good now.

Moreover, we do not recognize as we ought how many things we are attempting to include under this one word "monopoly," and under the words "combination" and "trust." We find that our courts and the Attorney-General at the present time are applying the same words and apparently have in mind largely the same remedy for institutions as different in their nature as the New York, New Haven & Hartford Railway,—railroads are natural monopolies—the telephone company, the United States Steel Corporation, and the tobacco organization; manufacturing industries, the

Groceries Association, purely and simply a selling organization; even the trade unions. Is it reasonable that the same word or the same procedure should be applicable to institutions so entirely different in their nature as are all of these? Clearly not.

Moreover, the courts and Congress ought to have in mind clearly and solely the public interests; but, so far as I can see, the public interest has not been clearly defined in many cases. I presume we would all agree that it is in the public interest that the standard of living of the great mass of people in the community should be kept high, and as far as possible should be continuously improving. If that is the case, it is clearly true that our industrial combinations, if they lower prices, are so far, at least, acting in the public interest. If the effect of the industrial combinations, from whatever cause, is to increase prices, that is contrary to the public interest.

Now, it is often assumed—it is only two or three days ago that I was reading a late speech in Congress to that effect—it is often assumed that the industrial combinations as a whole are oppressing the people by increasing prices. Nevertheless, the fact is that every public investigation and every important private investigation so far as I am aware—and I have tried to cover the ground—that has been made covering the entire field has not been able to show that industrial combinations as a whole have raised prices in proportion to the normal increases in prices that have come for other reasons in all commodities. (Applause.)

For twenty years I have been keeping the records of the prices of some of these organizations. For the last ten years I have been trying to keep the records of the

prices for practically all of these organizations, and I speak with a good deal of positiveness when I say it is impossible to prove that the industrial combinations have increased prices at all over the prices that have been maintained by industries that are under what we call the competitive system.

However, it is still true—let me say this in order that I may not be misunderstood—that the industrial combinations have had the power at times, and at times have exercised the power, of raising prices of their products for a short time, a few months, but they have not been able to maintain high prices for long. Speaking broadly, as compared with the industries that are generally considered to be under competitive conditions, they have not increased prices at all. Moreover, as regards some of these industries, the increase in the prices of goods manufactured by the combinations, as compared with prices of commodities in general, have been lower in this country than in Great Britain or Germany or the other great countries of Europe.

Now, if we are going to take the public interest as the guide for our legislation, we should at any rate maintain the good things that have come from these industrial combinations while we are suppressing the evils. The evils, of course, ought to be suppressed. We ought not to defend the industrial combinations further than is just.

Again, if we consider the remedy for what evils there are, we should note carefully the use that is made of the industrial savings of these great combinations. It is often assumed that the comparatively few rich men who are at the heads of these great industrial combinations are squandering the profits. Any one

who knows at all the habits of investment of the men who are directing the large business of this country, knows that most of the profits that are made get back into the business again to the benefit not only of the directors but of the community at large.

Moreover, it is often forgotten that the ownership of the great combinations is very widely extended, and if the profits are wasted, they are wasted as much by those who are not rich as by those who are. I would join with any one most heartily in condemning any squandering of wealth by the idle rich, but ought we not to condemn also any squandering of wealth by the idle poor? Is it right, is it just, is it to the public interest that we should divide our community into classes along that line, when, as a matter of fact, any student of society knows that any attempt to divide society in that way is most unjust?

Again, there can be no doubt that along very many lines the industrial combinations have been able to utilize industrial energy far better than could the small competitors in industry. Any one who makes an invention that will enable a given degree of energy expended by one man to produce more, is a public benefactor. Any methods of organization that save labor are beneficial to the community. Any grouping of manufacturing establishments that will save the expenditures of cross-freighting is in the public interest. Any method that will abolish the unnecessary competitive advertising is good for the community. Any method of organization that will lessen the number of traveling salesmen who succeed in selling the product is in the interest of the public. Any form of organization that will enable us to use to the best advantage the

strength and the talents of the working men and the strength and the talents of men who are at the heads of business organizations, is in the public interest. Now, all of these things that I have mentioned have been accomplished in many cases better by the industrial combinations than ever before by competitive industry. Under the circumstances it is wise, it is in the public interest that we save for the benefit of the community, that we keep for the public interest the various savings that can be made along the different lines already suggested.

Do not misunderstand me. Combinations can be made with evil intent, and combinations have often been made with evil intent. Promoters have at times brought together different companies into one in order that they might themselves get large commissions therefrom, or that the organization that they have formed might plunder the public, but that is by no means always true. This is what we should keep clearly in mind,—we should make the distinction between the good coming from these organizations and the evil. We should attempt to secure and maintain the good, and to abolish the evil. Most of the legislation that we have had and most of the court decisions heretofore do not make that distinction.

As regards the Court, we know, of course, that the Court is bound by the law. The Court is compelled to make its decisions along those lines in many instances, but Congress is not so compelled. It is the duty of Congress to see to it that our laws are such that those distinctions can be drawn.

It strikes me, then, that in our legislation we should not attempt to have one sweeping measure that should

cover the entire field of industry with its great variety of products and the various methods of doing business, but that we should rather attempt to secure some means by which distinctions can be made between the different industries and different establishments within that industry, and then we can promote the good and stop the evil.

One other point that should be kept in mind is this: Business men should be able to know in advance whether their acts or their intended acts are legal or illegal. (Applause.) I suppose there is not a business man here who is engaged in inter-state commerce who has not met that puzzling question at times. Not long ago a friend of mine was telling me of a proposed action that he knew was for the best interest of his business, that he thought was in the interest of the public. He was not quite sure what the situation might be as regards the Sherman Act. He consulted a distinguished lawyer in Chicago who told him the act was all right. "Go ahead, you are proposing nothing wrong under the law." In order to be sure, he consulted a lawyer, equally distinguished, in New York, who said to him, "If you go ahead, you are likely to land in state's prison." Now, with lawyers of that type, good lawyers both, having so grave a difference of opinion on an ordinary matter of business practice, it is clear that we should have at least some means provided in order that a business man might be more certain of his acts. Let me, then, make one or two suggestions along this line. It is proposed in the pending bills that there be certain additions made to the Sherman Act, that an attempt be made to define the Act more clearly. So far as one can see, that is simply adding to confusion.

Our Supreme Court has now been making decisions for many years with reference to the Sherman Law. We are beginning now to understand fairly well what the Sherman Law means. If we add new words, if Congress gives us new terms to define, we shall have to wait for years more until the Court has had time to define them. That is unnecessary and undesirable.

Moreover, there have been two or three other suggestions made. For example, owing largely to the very pungent, pertinent prodding of one of the distinguished gentlemen who will speak this evening, there have been brought forward many evils, many supposed evils, at any rate, of interlocking directorates. I have no doubt that there have been evils coming from interlocking directorates. But interlocking directorates are often not evil; at times they promote the public good. Why should we attempt in any sweeping way to abolish all interlocking directorates? Why not provide some measure by which a distinction can be made between different interlocking directorates, without waiting for a Court decision two or three years before we know whether or not the case is legal? The same principle holds also with reference to holding companies. Sometimes they are evil. Sometimes they are a convenient way of doing business with no evil, not even any evil possibility in connection with them. Let us attempt to find some means by which we can make these distinctions.

There is proposed and is now pending in Congress a bill providing for an Industrial Trade Commission. That, so far as I can see, is right in its intent. On the other hand, the Commission proposed, so far as I am able to judge, has no power to settle these questions. It may make investigations in order that we may know

what is right, what is sound; but it cannot make any decision that will give certainty to the business man or that will in any way clear up these evils that I have spoken of. Why would it not be wise to give to this Industrial Trade Commission, not only the power of investigation, but the power of considering carefully the organization, the methods of doing business of any industrial combination of the larger type; and, further than that, give to it the power to consider any proposed new combination and judge whether it is within the law or not. If in the judgment of the Commission it is within the law under the acts of Congress and the general rules laid down by the Commission, why should not that Commission give a permit that would prevent any prosecution under the act until some new course had been taken or until some complaint had been made that should require further investigation? If that can be done, business men can have security. If that can be done, we can have prompt action in the way of curing evil and of promoting good; we can have certainty given in advance, as in all of the numerous classes of legislation under which licenses for doing business are provided. This permits no violation of law. It does provide security for the man with an honest purpose. That, in my judgment, should be done in the way that I have already indicated. It would have substantially the same effect as a federal incorporation law, with a little more flexibility, so that preliminary decisions in disputed cases could be more promptly rendered.

We know that as regards Germany, as regards Great Britain, as regards Canada, they have been willing to recognize the good that there is in the industrial organizations as well as the evil. To my mind, if we are

to enter into competition with those countries in our markets and in their own, and in other markets still, and if we are to have our business promoted to the best advantage here, we must take lessons from them and recognize that there is not only evil, but also good in these industrial movements that have come naturally and in accord with economic principles. (Applause.)

MR. WILLCOX: It is an axiom among the business men of this city that the American business man can adjust himself to any regulations if he only knows what they are. It has been commonly supposed that the so-called trusts have been inimical to the best interests of the people, and we have had many men of prominence who have devoted much time to the study of this subject. To-night we are fortunate in having one of these critics of the present-day conditions with us, and as the subject of the evening is "Pending Trust Bills," I am sure we will all listen to what he has to say concerning the remedy which is proposed by these bills. I take great pleasure in introducing Mr. Samuel Untermyer, of the New York Bar.

ADDRESS BY MR. SAMUEL UNTERMYER,  
*Of the New York Bar*

Mr. Chairman, Ladies, and Gentlemen of the Economic Club: I do not regard myself as an unqualified foe of the existing conditions. I think that there are many respects in which the existing law and the existing conditions will have to be remedied, but there are many elements in existing conditions that I would not like to see changed. I take it from the very interesting argu-

ment of Professor Jenks, that his indictment runs against the entire present economic system of all the political parties; for, as I recall their platform, none of the political parties favors private monopoly and none of them, so far as I remember, favors regulated monopoly; although there has been a difference of opinion in the construction of one of the platforms on that subject.

There are some points on which Professor Jenks and I would not disagree. There are doubtless certain public industries, such as the telephone, the local telephone in a city, that are adapted to regulated monopoly. But I do not agree that all public utilities are proper or legitimate subjects of regulated monopoly; nor do I agree to his illustration as to the wisdom of the combination that resulted in the New Haven Railroad monopoly. There were a vast number of competing corporations. The competition, so far as we know, was a wholesome competition. It made for better service, and I think eventually it would have made for more reasonable rates. The method of gathering together these elements of competition and putting them into the form of monopolies is not, to my mind, a venture that is entitled to be applauded. I say nothing about the exaggerated prices that were paid for the property. I say nothing about the financial administration of the company. I speak only of the one fact of artificial gathering together of previous competitors and eliminating competition in the way in which it was eliminated.

Now, it is often said that a railroad is a natural monopoly, but it is only a natural monopoly in the sense that it monopolizes particular sections through which it travels, not that a competing road may not be built

alongside; and I do not mean to contend that it is always a wise thing that a competing railroad should be built alongside. But when you take the instance of the New Haven consolidation and various elements that were brought together there to create a monopoly, I do not believe it is defensible.

Nor do I believe that private monopoly is ever defensible, and there again I take issue sharply with Professor Jenks. He speaks of the combinations and the economies that they have brought about and the stability for which they are accountable. I do not think that experience has justified these combinations. Apart from the manner in which they were brought about, apart from the inflation of capital that was incident to them, which we won't discuss to-night, it seems to me that the economic principle involved in the artificial elimination of competition is one which cannot in the long run be justified. Many of the economies that were promised by these combinations never materialized. The men who went into them were doubtless earnest and honest in the belief that combination would bring economies, but they found in the end, I think, that bureaucracy could not take the place of individuality and that two men could sell more goods than one, unless the one had a complete monopoly of the industry. In various ways, experience, I think, has taught many of the best meaning of these men, who believed in the economic principle involved in combinations, that unless combination developed into a monopoly, the economies that were promised of it did not bear fruit.

Now, we are here more particularly to-night to discuss the details of this Bill; but before discussing the details, I would like to say one further word in answer to Pro-

fessor Jenks, not in answer to him exactly, but largely in agreement with him. I agree that the law should be such that the business man may be certain of what it is, and that is the purpose of these bills; but the kind of certainty that is attempted to be reached by these bills is not the sort of certainty that the larger interests are satisfied to have enacted into law. It is because of the desire that the business man shall know with certainty whether he is or is not within the law that this legislation is proposed. Professor Jenks says that he ought to be able to determine, or to find out by some sort of appeal to some authority whether he is within the law, and that this Trade Commission Bill does not go far enough because it does not give the power to the Commission to supply that information. But I read the Bill differently. As I read the Bill, one of its provisions meets precisely that objection. It provides that the Commission may make investigations with respect to the status and business of any corporation and that it may make a report as to the particulars in which it is not within the law, and that it may go further and make recommendations to bring it within the law. I don't see how much further Congress could go in the way of safeguarding the interests of the business man or of meeting the objections to which Professor Jenks referred.

He says also, and he rightly says, and I think almost every man who has studied this subject will agree with him, that the present Bill does not go far enough in the direction of regulating competition. He objects to unrestricted, ruinous competition, and so do I. I do not believe that forced, ruinous competition is an economic blessing. I think it is an economic curse. I believe

in regulated competition. I believe that whilst these combinations, artificially put together, ought to be scrapped and dissolved into their original parts, there should be a general enforcement of the law, not a spasmodic, haphazard enforcement, but a general enforcement that can be brought about only with the aid of an executive body; that whilst these trusts should be thus figuratively scrapped, the business community should not be left at the mercy of unrestricted competition.

I have so argued for a great many years and have frequently suggested recently and for many years that competitors ought to have the right to get together by agreement to prevent ruinous competition, and that such agreements should be subject to the approval of an executive body; that those agreements should confer the right, if you please, to fix prices and regulate output, but not to do so without restraint; to do so subject to the administration and supervision of some body, such as this Trade Commission, that would protect the public interests, and would see to it that there was no undue tribute levied upon the public, and that those agreements would be temporary. They might be changed whenever this body believed it in the interest of the public that they should be changed. But that has nothing to do with the enforcement of the law against the trusts. That is an entirely different proposition. Regulated competition as against ruinous competition is one thing, and the dissolution and segregation of the trusts is quite another. They stand upon an entirely different basis. Competitors won't ruin themselves, law or no law. You cannot pass a law that is going to force them to drive one another and to drive themselves to ruin when there is any way out of it. You are simply

setting up a code of honor among lawbreakers, to be signalized by nods and understandings, dinners and social affairs, instead of an open resort to the law; and there can be no enforcement of the law at present against those understandings that are now so prevalent in the community and that are in secret. For every trust and combination in corporate form that preys upon the public there are hundreds of these secret arrangements and gentlemen's understandings. There should be something to which the business men can resort that will prevent them from driving one another to the verge of ruin.

Professor Jenks says that these trusts ought not to be interfered with; they should be allowed to go on unchecked. He refers to the tobacco trust and says that we have had no beneficial results from the dissolution of that trust. But it is too early to determine whether or not beneficial results will flow from the resumption of competition, provided there has been such a segregation of that trust as will permit of competition. The fact to which he also refers, that the magazines and the newspapers are reaping a harvest by reason of the advertising of new brands, is a direct indication that there is something in the way of revived competition, because if these gentlemen did not feel that they were being pressed by one another, we should probably not have that additional expenditure on their part, and in the end, I believe, it is bound to result in reduced prices and in better service and better goods.

The argument of Professor Jenks resolves itself into the proposition that the American Tobacco Company or the tobacco trust should be permitted to cover the whole field of industry in the United States, and, if

you please, to dictate its own terms and prices, to stifle and keep down all sorts of new and independent competition. I do not think that in this city anybody will subscribe unreservedly to any such proposition.

Let us come to the discussion of the particular details of these two bills, which have now been consolidated into one bill known as the Omnibus Bill, and of the other bill referring to the Trade Commission. The most valuable feature of the Trade Commission Bill in its present form is the aid that it lends to the segregation and effective dissolution of corporations. It has been charged, and I think justly, that the machinery of the Courts is not adapted to the effective dissolution of corporations. The Court can make a decree that the corporation shall be dissolved into given parts, but its machinery does not permit it to look after that dissolution, to see that it is carried out in good faith, and that all its terms are observed. An executive body is necessary for that purpose. The way in which a corporation should be dissolved, with least injury to its shareholders and the best results to the public, is not a legal question. It is largely an economic question and a question upon which the opinions of experts are necessary. Therefore, it has never been possible, in my judgment, to effect a thorough dissolution of any of these corporations through the machinery of the Attorney-General and of the Court. It is placing too great a burden upon the law officer of the country to ask him to look after the segregation of these corporations, and the result has been that with the best of intentions, with the greatest industry, with the most painstaking, industrious men of the country at the head

of that department, with so earnest a public servant as our friend Mr. Wickersham, than whom we have never had a greater Attorney-General, in my judgment (applause),—that in the face of all these efforts it was beyond human capacity to deal with the violations of law in this great country or with any considerable fraction of them. It was an impossible proposition ever to attempt this inadequate and haphazard method of dissolving violations of law. All that could be done was to pick out those against whom complaints were lodged, or those that were most prominently in the public eye or against whom there was the greatest prejudice in the public mind, and assail those and let the others go. That has been the history of the anti-trust legislation, not through any fault of administration, and not through any fault of a prosecuting officer, but from the very nature of the case. We have now in this Bill a sane, logical, business-like method of dealing with this subject. A body is created, charged with the duty and responsibility of looking into violations of law. When the Court makes a decree, that body can be called in to assist on the expert side of the question and find out what is needed to segregate that corporation and how it can be done with least injury to the public. When the decree has been granted, that body is still there with power to ascertain whether that decree is being carried out. We may differ as to the economic policy of disbanding these combinations, but, so long as the policy of the government is that they shall be disbanded, why make a farce of it? Why pick out a few of the many of these offenders and let the others go until the law becomes a thing of contempt in the public eye? (Applause.) It lies with the people to

change that policy. I do not believe that the sentiment of the country is agreed upon the economic policy, certainly not upon the necessity for ruinous competition.

I believe it will not be long before competitors will be permitted to enter into reasonable trade agreements as they are in other countries, that we shall have something approaching the German "Kartel," but it won't involve consolidations or permit the aggregation into one company of rival companies. It will keep the competitors alive; it will permit them to stay alive because ruinous competition is the surest road to monopoly. After the big competitor has completely demolished the small one, he has less competition and then he takes what the traffic will bear and pays himself back. So it is in the interest of the public, it seems to me, that there should be a line beyond which competitors may be lawfully permitted to protect one another within reason. These trade agreements between competitors do not involve any of the unpopular or unlawful methods incident to the formation of combinations. In the first place, there is no corporate form, and as a result there is no stock-watering. Each competitor must keep his organization in full force, because the combiners of to-day may be again the competitors of to-morrow. These agreements are in temporary form. They may be disbanded at the will of any of the parties to them. They are to be allowed for a limited time. The result is that each man must keep his plant in order to resume competition. The result, further, is that it leads to economy in production, which is not the necessary incident of combinations when you have eliminated

competition, because each man's economies incident to an agreement of that kind belong to him. Instead of new inventions being bought as they have been by combinations and pigeon-holed for the purpose of preventing their use in competition, every man would have the inducement of availing himself of every new invention, because that would reduce the cost of production and the reduced cost of production is his profit. So that there is a wide distinction in principle so far as affecting the public good between the promoting of these trade arrangements and the promoting of consolidations and combinations. I would enforce the law against the latter. I would change the law of ruinous competition as to the former.

Now, just a word about these bills. The Omnibus Bill is intended to regulate interlocking directorates, holding companies, and price fixing, mainly. I think those are the main features of that Bill. That part of the Bill regulating or prohibiting interlocking directorates is, in some respects, too drastic. In other respects it does not go far enough. It is too drastic in prohibiting a man who happens to be a director in a railroad from being a director in a bank. I cannot quite see any more reason why a man who is a director in a railroad should not be a director in a bank than that a man who is a director in a steel mill or any other kind of business should not be a director in a bank. There seems to be to my mind no special reason for that sort of prohibition, but so far as concerns Professor Jenks's suggestion that interlocking directorates in potentially or actually competing companies are not productive of harm and may be productive of good, I take issue with him sharply. There is no principle

upon which a man ought to be permitted to serve two masters. You cannot conceive of any conditions under which that is right. It is wrong in principle. He cannot be doing justice to both of them.

But interlocking directorates is not the fundamental evil to be corrected. It is a mere symptom of the disease. It is the interlocking *control* of competing corporations at which the Bill ought to be aimed, whether that control be represented by holding companies or by interlocking directorates or by stock ownership. Under this Bill as it stands to-day, a man might own the control of a dozen competing organizations and not be a director in any of them, and the Bill wouldn't reach him. But if he had a small interest in two competing organizations the Bill would reach him. Surely there is no point in that. The Bill as it stands, is not, as I understand it, the administration program. I do not think Professor Jenks is quite accurate as to that. It is a basis for discussion and legislation, and I have sufficient confidence and pride in the present administration to believe that before that Bill is completed it will meet the situation. (Applause.)

The Bill in its present form ought to be labeled "A Bill to substitute dummy directors in banks" (laughter), because that would be the effect of it, so far as it concerns banks; a man is allowed to be a director in more than one bank. They may be in different cities; they may have no competitive relations whatever. There is no need for that. It seems to me if he is prohibited from being a director in any competing bank in the same locality that all the purposes of that Bill are reasonably served. But far greater and far deeper and lying more at the foundation of the question is that

he should not be permitted *to own* those competing banks. Yet as the law now stands *he can own them* and put in anybody he pleases and have a control over the stock and elect all the directors in the bank in a section of the country and still not be within the condemnation of the law. Yet if he is one of twenty directors in two of them he has committed a misdemeanor. Of course, that situation is going to be remedied. I am a champion of the principles underlying the purpose of this legislation. The details have still got to be worked out.

The same is true of holding companies. There are holding companies that are essentially part of the machinery for suppressing competition in business; there are vast numbers of investing companies throughout the country that are organized for equalizing the risk of investments in certain lines of business. We have them in the gas business, where one corporation gets control of the securities of companies in various cities that are non-competitive and issues its own securities against them. These are beneficent and useful companies. The Bill as now amended does not reach them. The original Bill in its first form was intended to reach them, but this legislation is going through a process of wholesome revision. It is a difficult subject, highly specialized, and it is not fair to expect that it shall immediately assume the form in which it will eventually be passed.

There has been a great deal said of late about postponing this legislation, to the unsettlement of business resulting from it. We are reminded to-night in the discussion of these bills by the lessened interest of the

subject in the public eye that the misfortunes of war are not confined to the loss of life and property, but that there are minor penalties that follow from excitement of that kind. One of those penalties is that these great economic questions that were so vividly before the public mind and so much the subject of discussion, have fallen into the background and that there is danger that the public interest may lag and that we may not get the benefit of the general discussion so necessary to the formulation of comprehensive legislation that will once and for all settle this question.

Should this legislation be postponed? It seems to me that the cry on the part of certain elements of the business community for the postponement of this legislation is a very short-sighted policy. The one thing that business needs is the settlement of these questions. We must have industrial peace. You cannot get industrial peace so long as the agitation continues, and the agitation must continue until the questions are settled. You cannot expect either political party to abandon its platform, and what does postponement mean except continued agitation? Why not have the subject settled now? It can be settled right now just as well as at any other time.

I plead, therefore, gentlemen, for the co-operation of the members of this Club in the discussion of this subject, and that they use their influence to procure such a settlement of it as will dispose of the question once and for all time. I thank you. (Applause.)

**MR. WILLCOX:** Mr. Untermeyer has told us the main question to settle is the regulation of competition. Now, I know that the next speaker, who has heretofore

had something to say about the regulation of monopoly, is interested in this subject, and I am sure that he will speak words which we will be glad to hear regarding the regulation of competition as proposed in the pending trust bills. I take great pleasure in introducing Mr. Charles F. Mathewson, of the New York Bar.

ADDRESS BY MR. CHARLES F. MATHEWSON,  
*Of the New York Bar*

Mr. Chairman, Members of the Economic Club, and Ladies above all. (Laughter.) It may be worth our while at the introduction of this discussion, on my part at any rate, to see where we are and how we got there. There was a time when we had no Sherman Law and we got along very comfortably without it (applause); and so far as I am aware we are the only country on earth to-day that has found it necessary to establish a Sherman Act in order to reach perfect happiness. (Applause.)

I am not saying that in 1890, when the Sherman Act was passed, there were not some abuses that needed correction, but, although a member of the Republican party, as is or was (laughter), and coming from a state where it is necessary to procure a search warrant in order to find a Democrat (laughter), I have never been quite sure whether it was wise to establish a high tariff which bars out the competition of the capital of the rest of the world, and whose natural result is to encourage trusts and extortionate charges, and then pass a Sherman Act for the purpose of preventing the very result which the high tariff was calculated to produce. (Applause.) It has sometimes seemed to me very much

like kindling a fire with one hand, while you hold a fire extinguisher with the other to put it out, if possible, before it reaches dangerous proportions. In the present instance the fire extinguisher has not proved efficient.

Now, many of the evils which prevailed in 1890 were corrected without the aid of the Sherman Act. The enforcement of the law against rebates on the part of the railroads, and other actions of that character, were very efficient toward correcting the situation which then prevailed. Indeed, I think the execution and enforcement of the law against rebates, which gave advantage to one producer over another, was more efficient than any other one thing in correcting, so far as they have been corrected, the monopolies which were established prior to that time. I am not at all sure that it would not be wise for our Democratic friends, having reduced the tariff, and if it is not yet sufficiently reduced, reducing it still further in connection with those trades where they claim monopolies exist, to wait and see what happens when you let in the capital of the world; for capital flows to the point of most profitable use with the certainty that water flows down hill, and if you have a monopoly which is making thirty or forty per cent. profit per annum, you may rest absolutely sure that, if the world's capital has an opportunity, it will very soon come in to appropriate its share of that profit and force down the profit and cost of the product to consumers to a reasonable price. (Applause.)

Economic law operates with greater certainty, greater facility, and greater finality than all the laws that all the congresses can place upon all the statute books. (Applause.) But let us see what the Sherman Law is, so

long as it is with us and apparently is likely to remain. It prohibits combinations "in restraint of trade" or as tending to effect "monopoly." Not a word is said in the Sherman Act in relation to elimination of competition. Under the common law of Great Britain and this country, it has always been considered that combinations whose direct purpose was the restraint of trade or the establishment of a monopoly were contrary to public policy and to public welfare, and therefore condemnable. Never has it been so held in reference to the elimination of competition. Now, it is not an accident that the Sherman Act, as it now exists, says nothing about competition, and prohibits only combinations in restraint of trade or tending to establish a monopoly. As the Bill was originally introduced it read like this: "All arrangements, contracts, or agreements between two or more persons which tend to prevent full and free competition are declared to be against public policy, unlawful and void."

That position was seriously attacked, very eloquently attacked, in the Senate, especially by Senator Platt, of Connecticut, a very able man, whose language I will read to you—only a few lines:

This Bill proceeds upon the false assumption that all competition is beneficent to the country, and that every advance of price is an injury to the country. . . . There never was a greater fallacy in the world. . . . Unrestricted competition is brutal warfare, and injurious to the whole country. The great . . . monopolies of this country are, every one of them, built upon graves of weaker competitors that have been forced to their deaths by remorseless competition. I am entirely sick of this idea that . . . any arrangement between persons engaged in

business to advance prices, no matter how low they may be, is a wrong and ought to be repressed and punished.

The theory of this Bill is that, no matter how much the price may have been depressed, no matter how losing the business may be, the parties engaged in it must have no understanding between themselves by which they will come together and say that they will obtain a fair and fairly remunerative price for the article which they produce. That is wicked, the Bill says.

I believe that there are combinations in this country which are criminal, but I believe that every man in business . . . has a right, a legal and a moral right, to obtain a fair profit upon his business and his work; and if he is driven by fierce competition to a spot where his business is unremunerative, I believe it is right to combine for the purpose of raising prices until they shall be fair and remunerative. This Bill makes no distinction. It says that every combination which has the effect in any way to advance prices is illegal and void.

It will not do, because a few concerns of this country are attempting to put prices where they are unreasonable, to enrich themselves beyond a fair compensation or equivalent for their capital, their skill and their enterprise—it will not do to pass out your dragnets and bring within the condemnation of your law all the legitimate business enterprises of the country that are struggling along and trying to obtain only fair and reasonable prices for their goods, and who are giving life to labor, and peace and plenty to the whole land.

The effect of that presentation was such that on that very day the Bill was recommitted to the Judiciary Committee of the Senate, and that Committee was so

impressed that they struck out the entire act following the enacting clause, and reported the Bill as it was finally passed, prohibiting simply "restraints of trade" and "monopolies," and not prohibiting elimination of competition by a single word in the Bill.

Now, the Supreme Court, as we all know, has construed this Act within the last year or so, and has said in effect that it must be reasonably construed. In other words, that it is not to exclude every combination or contract which has the effect of lessening competition. It has been said by some that in so doing the Supreme Court "legislated." On the contrary, the Supreme Court saved the legislation by holding that a reasonable construction must be placed upon it, so that it would not exclude every contract of every character affecting trade, or even some restraint of trade. They had no option but to so determine or declare the Act unconstitutional; for some of us forget that we still have a Constitution, and the Fifth Amendment to the Constitution provides that no man shall be deprived of his "life, liberty or property without due process of law." The Supreme Court and all courts have held that part of a man's "liberty" is his liberty of contract; so that Congress has no power to limit a man's liberty of contract except under what is said to be the "police power" of the state; that is to say, on the ground that the contract which it condemns is deleterious to the public health, morals, safety or welfare, and if it is not so, Congress under this Amendment has no power whatsoever to prohibit it. Therefore, if the courts had held that this Act, broad in its terms, was sufficiently broad to prohibit any combination or contract, although it had no relation to the public welfare and no deleterious

effect upon it, it would not have had any option whatever except to declare the act unconstitutional. It therefore saved the act, instead of "legislating." (Applause.)

Now, the bills which have been recently introduced in reference to the Sherman Act were originally five in number. Four have been consolidated into a single bill at present,—a "Definitions Bill," to define what should constitute an attempt to restrain trade or create a monopoly; a "Trade Relations Bill" against discriminations in price; a "Holding Company Bill"; and an "Interlocking Directorate Bill." In addition to those, there was the fifth bill, which has not been advanced as an amendment to the Sherman Act, known as the Interstate Trade Commission Bill, although it has some relation to the Sherman Act in aiding in the enforcement of that Act.

I wish to say here publicly, what I have said repeatedly in private, that from my experience with the situation in Washington and particularly before the Interstate Commerce Committee of the Senate, of which the distinguished Senator who will soon address you is a member, I was impressed, as was every member of the Committee for whom I appeared, with the very great and sincere desire of all those gentlemen to fix upon and pass legislation which would be beneficial to the country without injury to business interests, and I believe they are proceeding on that line, with judgment devoted wholly to the public weal. (Applause.)

We could not possibly have been more kindly received, nor could our ideas have been more pleasantly and eagerly welcomed, whether they were approved or not. Personally I have no objection to any provision in these bills for the punishment, even by imprisonment,

of men who are knowingly violating the laws. I know it is said that they should be sent to jail. I only suggest that no one should be sent to jail for violation of laws which it takes a Supreme Court itself to determine as to their proper meaning. (Applause.)

If you will permit, I will speak for a moment in regard to the Trade Commission Bill, the Interstate Trade Commission Bill, which is supposed to cover for corporations substantially the field that the Interstate Commerce Commission covers for public carriers. I am thoroughly in favor of that Bill as a matter of principle. The Bureau of Corporations at Washington has now full power to investigate corporations. I think it can be done much more efficiently by a Commission, as is here provided. I see no objection to it. I would be inclined, I think, to limit the investigation of the Commission, however, to corporations that are complained of, or to those in which it has some reason to suspect violations of the law may be in operation.

The Bill as it has been introduced calls for the filing of annual and other reports, if the corporations be corporations of large size, say, exceeding five million dollars in capital, or two and a half million dollars in gross receipts. If you are going to provide for the filing of annual reports, you must limit this to certain corporations, of course; you would hardly have room enough to file the reports from all corporations, large and small, and it is the large corporation whose power to violate the Sherman Act, is, of course, most potent. I think, however, that the material that should be required in annual reports, the data which should be asked, should be—at least at the outset—extremely limited. It must be borne in mind that in seeking

reports from railroad corporations or carriers, which are public utility corporations, Congress has a much greater sphere of action. It has the rate-making power in reference to such public utilities, and it may seek much data relating to cost, capitalization, profit and otherwise having relation to its rate-making power, which has no application whatsoever in the case of the ordinary corporation over which Congress has not the rate-fixing power, and in regard to which, therefore, that data is not required. Of course, Congress has not the power to seek and to compel the production of any information which it sees fit; no Congressional committee or commission can be empowered to ask a question merely because the answer might prove interesting to Congress or to some of the people, or to all of the people, or because possibly after those answers had been received, Congress might like to legislate with reference to some subject that was not previously determined. They may ask for certain information bearing relation to their legislative duty in regard to specific bills, but beyond that I think the data they require should be extremely limited.

I don't know as this Bill provides that the Interstate Trades Commission should be authorized to advise at any phase of a litigation which the government has instituted against a corporation, prior to a decision of the case. That, I think, would be unwise, and I am inclined to think that it might be held illegal as not affording the corporation "due process of law." If the Commission has any information which is of value, it can be presented and go in as other evidence for the direction of the Court. But this Bill provides that after the evidence is completed, and apparently after

decision, the Commission may be brought in. Thus, assuming that the tobacco company or any other corporation is found to be a monopoly or acting in restraint of trade, then the Court must determine the sort of decree it shall enter. It may enter a decree merely directing that stock of subsidiary companies be distributed to stockholders of the parent company, as was done in the case of Standard Oil and the tobacco Company; it may appoint a trustee to hold stock, as in the New Haven case; or it may direct the dissolution of the corporation entirely and sell all its assets through a receivership. After such decision has been reached that monopoly exists, then it is proper for the Commission to present to the Court any information which it has, giving the corporation, of course, an opportunity to reply to it or to comment upon it, because after decision the Court has the right to read books or look to any source which may inform it as to the state of the industry or the appropriate form which its decree shall take to carry out best the decision which the Court has reached.

One suggestion has been made with which I cannot concur. I think, if I understood Professor Jenks correctly, it was advanced by him. That is, that proposed contracts or combinations may be submitted to this Interstate Trades Commission and approved in advance as appropriate, or as not in violation of the Sherman Act, and, therefore, entitling the applicants to proceed upon that theory to invest their money. As a matter of fact, that Commission is proposed to be of three members. If it were five or ten or more, you couldn't spread them thickly enough over this country within any reasonable number, so that they could pass upon

the questions which would be submitted to them, if they had nothing else to do, in reference to whether contracts were or were not in restraint of trade. They would be swamped out of hand, as a result of this imposition. The Interstate Commerce Commission, now covering perhaps not ten per cent. as many corporations as these general corporations which would be subject to this Commission, have to postpone for six months decisions on ordinary questions, and I think it would be wholly out of the question for any Commission to pass in advance upon all the forms of combination and contract which might be submitted to them.

But that is not all. No suggestions have been made that the decision of the Commission in such cases be final. The suggestion has been that the Commission tentatively determine that the applicant may go ahead and invest his money, leaving it for the Attorney-General subsequently, if he sees it differently and disagrees, to hold otherwise. It might be that a subsequent Attorney-General would hold the corporation or individual in violation of the Sherman Act and confiscate its property, the sole consolation being that the applicant, having applied to the Commission in advance, would not be liable to fine or imprisonment. It has been thought if the Commission found that the combination in its judgment was appropriate, the government would not be likely to interfere. History does not so indicate. (Laughter.) I recall that Attorney-General Bonaparte, under our distinguished citizen now in South America, brought an action to prevent the combination of the New Haven Road with the Boston & Maine. Did that have any influence even upon his successor, my brother Wickersham? Not at all. When the latter

became Attorney-General, he properly withdrew that suit, on the theory that it was not appropriate. Did his view of the subject control Mr. McReynolds when he became Attorney-General? No. He returned to the view of Mr. Bonaparte and insisted upon the dissolution. It, therefore, is somewhat hazardous to say that because the Commission should suppose that a combination was not within the Sherman Act, all future Attorneys-General and other departments of the government would regard that action as final or sufficiently near final so that it would not be disturbed. Besides which I have always felt that it was rather paternal to have to run to any commission for an "indulgence" before entering upon a contract of one sort or another, under an Act which has now been pretty well defined. I understand that it might be a very attractive situation, rather alluring, if it were feasible; but I believe it would be bad for business, bad for the Commission, and not effective as not being final and insuring to investors the proper safeguarding of their capital, even after they had gotten this tentative opinion. (Applause.)

Of course, it would be wholly impossible for me to express even my few thoughts on these anti-trust bills within thirty minutes, and I am not going to endeavor to do so. I observe, however, that the "Definitions Bill" to which I referred is not included in the Clayton Omnibus Bill. Whether the Senate Committee will consider it of sufficient value to include it in their Omnibus Bill, if they draw one, I am not sure. But, at any rate, I merely observe that that goes back to the prohibition of elimination of "competition." That, hereafter, by the Definitions Bill would be prevented, even though it did not affect the public welfare, and although the

proposition to prohibit restriction of competition itself as a serious thing to be condemned, was considered and thrown into the waste-basket during the original discussion of the Sherman Bill, as I have indicated.

Now, the Trade Relations Bill provides against discrimination in price by a producer in different sections of the country, "With intent," it says, "to injure the business of a competitor." If the discrimination in price, taken with other circumstances, indicates to the Court that there is an attempt to establish a restraint of trade, or to create a monopoly, which are the really condemnable things, the situation is already met by the Sherman Act; but this Bill, departing from the draft of these bills as first introduced, provides that the mere act of discrimination in price for the purpose of injuring or with intent to injure the business of a competitor, is of itself to be punishable by imprisonment or five thousand dollars fine. Now, I should be glad to have somebody indicate to me how one can go into a field which is already occupied, and compete and get a part of the business of a man there already in control, without injuring his business in some way. (Applause.) If he cuts into his market, he does injure him and he knows he will injure him, and it is a maxim of law that a man must be presumed to understand the natural consequences of his own act. Why should not he injure him if his trade is fair, if he conducts his competition fairly? It may be that in this state a manufacturer may be making fifteen per cent. profit, by reason of circumstances which surround him at home. He goes to Minnesota where there is another man dealing in somewhat similar, or exactly the same character of goods. There in competition he reduces his price so that he

makes only five per cent. profit. Now, this man in Minnesota may not have equally good methods; he may not be an equally good business man; he may sell to poor customers and lose much in bad bills and so on. Is there any reason why the New York man should not sell at five per cent. profit then, even if he does thereby injure the Minnesota man? Suppose it appears that he is going to destroy the business of the Minnesota man and yet he conducts his business fairly. Is there any reason why he should not do it? What about the consumer who is getting better goods at lower prices than he did from the man in Minnesota? We must think sometimes of the consumers who very much outnumber the competing manufacturers. (Applause.)

The result of the enforcement of this prohibition of discrimination as to prices would be the establishment and perpetuation of the very monopolies which it is the purpose of this Act to avoid. Our New York neighbor would be tried in Minnesota; the jury there would determine whether he sold his goods at a low price, although a fair price for him, for the purpose of injuring his competitor or not; and the jury would be pretty apt to say that: "Our John was driven out of business by this man who came here for the purpose, not of making money fairly, although we admit he conducted himself fairly, but for the purpose of injuring the business of John; therefore, we find for the State," and the result is a year in state's prison or five thousand dollars fine or both. (Laughter.) No competitor is going into Minnesota and take that chance, and the result is that "John" maintains a monopoly in that region where he first located himself; and the effect of the Act is, as I have said, to establish and perpetuate the very mo-

nopoly which the Sherman Act condemns and which it is the object of this Bill to control.

As to allowing the "difference in cost of transportation"—why, that is only one of the many items that go into the cost of goods up to the time they go to the consumer. There is the interest on the investment in your goods, which are held one year at one place and only thirty days in another. What about the difference in storage? What about the fact that you have to pay a selling agent ten per cent. in one place and only five in another? Why restrict yourself to the difference in "cost of transportation," if you are trying to reach a uniformity of price?

Now, I have about sixty seconds more, and I am going to say that so far as my suggestions in this regard are concerned, they would in summary be: Let the Sherman Act alone. (Applause.) People are not lying awake nights in this or any other section on account of the trust situation. They are much more interested in the Mexican war and the result of the ball games. Business is not crying "Lead, kindly light." Business men don't care to be led; all they want is to be let alone. They know now pretty well what the Sherman Act means, and I would supplement it in only these two respects: First, exclude our foreign trade entirely from the operation of the Act, as is recommended by the Chamber of Commerce of the United States. When our trades go abroad they meet there combinations of both purchasers and sellers, and if we are bound and cannot make similar combinations to meet those combinations, our foreign trade will continue to suffer as it has suffered. Remove, therefore, the Sherman Act entirely so far as it relates to goods sold without the

United States. (Applause.) Second, add to the Sherman Act this clause: After the first day of July, 1914, this Act shall not be construed as prohibiting any contract or co-operative action affecting competition or otherwise, which is not in its tendency or effect deleterious to public welfare. There you have the whole thing. (Applause.)

MR. WILLCOX: I am sure we are all sorry that the members of Congress have not had the benefit of this, thus far, most interesting discussion. But we have with us to-night one of the members of the United States Senate who has come here, at great inconvenience at this troubled time in our national capital. The Senator who is to speak to us is a member of the Banking Committee, the discussion of whose important Bill we listened to at the first meeting this year. He is also a member of the Interstate Commerce Committee which has charge of these bills in the Senate and where they are now being considered. He is also a member of the Committee on Foreign Relations. At this time when the cloud of war is hovering over our nation, I have asked the Senator if he will not say just a word upon the question which is so disturbing the country before he proceeds to the discussion of the question which is before us this evening. I take great pleasure in introducing Senator Pomerene, of Ohio.

ADDRESS BY HON. ATLEE POMERENE,

*United States Senator from Ohio*

Mr. Chairman, Gentlemen of the Economic Club, and Ladies: Your President has just referred to our

difficulties with Mexico. I am sure that I voice the sentiment of every one present when I say that we all join in the prayer that peace may soon be restored. (Applause.) Unfortunate as is the present condition in Mexico, the United States of America can be congratulated that the fortunes of this country are in the hands of Woodrow Wilson. (Applause.) Differ from him as we may on some of the great issues before this country, all, I think, will join with me in saying that there is no man of purer or higher purpose, of clearer intellect, or of more indomitable courage. (Applause.) I was glad that he accepted the advances of the South American republics to have mediation with the hope that it might stop further bloodshed. I know that the public has been somewhat restive. I know that many insults have been heaped upon the American flag and upon the American people. I know that we were sometimes a little impatient because our President was so patient, but, my friends, this great giant cannot afford to become hastily angered by that petty pigmy of the South. I refer to General Huerta. I hope that before many suns have risen the danger will be over, that negotiations will lead to restoration of the peaceful conditions which ought to exist between these two governments. I trust that the President's patience is not exhausted, and I know it is not. But, if the time ever comes when Woodrow Wilson says "Lay on, MacDuff," then damned will be he who cries "Hold."

But, my friends, I have not come to talk on that subject. We are here to discuss the trust question. By reason of the fact that many of these bills are in committees, and have not been properly matured, I do not feel free to discuss them as I would perhaps at a later day.

But before I go into any discussion of a few of the features of this Bill, I want to discuss generally the subject of trusts. Much has been said about monopoly and about competition and about the respective merits of monopoly and the system of competition, and I recognize the fact that there are two schools of economic thought: one that believes in monopoly and another that believes in competition; and perhaps a third that believes in regulated competition. But we must remember that this is an American republic. Reference is made to Germany and Great Britain and what those countries do. It may be that that which they do is in entire harmony with their civilization; but German civilization is one thing and American civilization is another, and as for me, I am an American.

My friends, the trust problem was discussed for many years before the Sherman Act was enacted in 1890. That statute is the crystallization of the public sentiment of that day, and although Congresses have convened year after year since 1890, no one has seriously suggested the repeal of that statute. It has come, I believe, to stay. Something is said about its uncertainty; but let me call your attention to this fact: It represented the best judgment of lawyers, such as Senator Edmunds, Senator Hoar, Senator George, and Senator Sherman; and you will pardon me if I suggest that instead of its not being entirely clear as to what it meant, the real fact is that it was perfectly understood by most men. I recognize that it interfered somewhat with business practices, but let me ask the lawyers who have been consulted upon this subject, Was it because the law was not understood, or because it was understood? Did it not often happen that instead of

being asked, What is the law? the question was, How to get around the law? I do not say that was true of all or of many, but it was true of some. I remember that when I was a student at law school in Cincinnati, it was said of a business man that he went to a lawyer's office and asked: "Judge, what would be the result if I did this?" The Judge said, "If you do that you will go to the penitentiary." "Well, that is not exactly what I mean. What I mean is this: How nearly can I come to doing that and keep out of the penitentiary?"

Now, my friends, I hope you will not think that I am speaking personally, or that there is any animus in what I may say; but I want to get at the facts as I understand them, and you will think all the more of me if I express that which is in my mind, and may not perhaps be in your mind or in the minds of some of you.

One of the difficulties with this law is, first, on the part of those who would engage in business transactions which are in violation of the letter and the spirit of the law. Another of the faults has been that for many years there was not an honest effort made to enforce the provisions of that law, and because proper effort was not made to enforce the provisions of the law, it was thought to be a dead letter upon the statute books. That is how much of this misunderstanding has come about. I recognize the fact that there were one or two Attorneys-General who did not have any faith in it. I remember that when Judson Harmon became Attorney-General, there was then upon the docket in the Supreme Court a case involving the construction which should be placed upon this law. It was known as the Trans-Missouri case. It had been left to lie in that Court for years

and nothing was done, and it was when Judson Harmon became Attorney-General that he took up that case and briefed it himself and that, which was believed to be a dead letter, was by the work that he had done given new life. Later on, other cases were begun and prosecuted, many of them by Mr. Bonaparte, many others by your distinguished guest of honor to-night; and I want to do all credit to those who have sought to sustain this law.

It is said this law is not effective. Well, has it been given a fair show? If it is, the law ought to be enforced; if it is not in harmony with public opinion, it ought to be repealed. If it is in harmony with public opinion, then it should be enforced. This is the birthday of General Grant, and I believe that it was he who spoke of the necessity of enforcing all law. If it is a good law, it ought to be enforced; if it is a bad law, the best way to have it repealed is to enforce it.

My friends, we speak of this law; we speak of the efforts that have been made to enforce it, but if we take some of the Court's dockets we will find that whatever efforts have been made were for the most part in the enforcement of the civil provision, not the criminal provision. It was the belief of Congress when this law was passed that it should have both criminal and civil penalties. Is it fair to the law, is it fair to the business public, is it fair to the people to say that we should attempt to force the civil provision and not the criminal provision? Is it a fair test? I have no animus in my heart toward anyone that has been misled; if he has been misled, I do not desire to see any harm come to anyone, but let me say to you that it is my humble judgment that if an effort had been made in the first

instance and for the first few years to enforce this law according to the letter and the spirit, the trust question would long since have been solved.

We have to-night discussed this question from different standpoints. Why, we have about as many varieties of trust views here as Mr. Heinz has pickles. Our friends suggest the necessity of a trade commission. I believe in a trade commission, but not to the extent that they say. They tell you that there is uncertainty in this. They refer to the fact that one lawyer had one opinion and another another opinion. Let me suggest that the difficulty is not so much with the understanding of the law as in the application of the law to the fact. Is it a crime for lawyers to differ? Don't the doctors at your bedside differ? Don't the expert trust men here differ? Suppose you took one of your business propositions before a commission composed of the distinguished gentlemen who spoke to you to-night, would you expect harmony in their views? (Laughter and applause.) We must remember that there always will be differences of opinion when it comes to an application of a law to a given state of facts, and when you have got a state of facts to present for discussion and for solution, you have able lawyers, and I see several of them sitting around this table, that are quite willing to advise you at any time that you take your business to their offices. I am quite sure also that if you will follow their advice, you will not very often be led astray.

Our friends speak of competition, of monopoly, of the beauty of monopoly, and the coldness of some competition, cut-throat competition, they call it. My friends, the best form in which to settle these questions is in the enlightened conscience and judgment of every

business man. Cut-throat competition! What is the purpose of cut-throat competition? Why, monopoly, the thing which is forbidden by this law. You say it is wrong to allow a business man to get another by the throat who is engaged in the same business. I suggest with due deference that it is better to have one business man have the other business man by the throat, than have the two business men one and get the public by the throat. (Applause.)

Some reference is made to the meaning of the statute. There have been twenty-four years of litigation. All of the great lawyers of New York, Philadelphia, Chicago, and Cleveland have been engaged in the assault upon this law. They have brought their battering-rams to bear upon it and they have only succeeded, in twenty-four years, in making one dent in it, and that was in the late decisions of the Supreme Court when they said that restraint of trade meant undue restraint of trade. That is the only piece of enlightenment which has been given to the law, that was not thoroughly understood before; and while I did not like that construction, I never had any sympathy with those lawyers who said that it had destroyed the law. Why, take the cases of the American Tobacco Company and the Standard Oil Company. The Supreme Court of the United States said in one of its decisions, and perhaps in both of them, that by the undisputed facts in those cases the defendant company and every constituent element thereof had violated both the first and the second sections of the law. I don't think there is very much difference of opinion on that subject, and let me in this presence, with all due respect, give you this thought for your consideration: This law was made for the big and the

small, for the rich and the poor; it is applicable to both, and it ought to be observed by both.

Some days ago there were a number of men on your street who were violating the laws of the land. They were arrested, convicted, penalized. They ought to have been; but I want to leave this thought with you as an American citizen: What answer can be made to the suggestion that laws are enforced against that class and not against all classes? I do not mean this unkindly at all, but I want to leave that thought with you.

It is suggested that the bills in Congress are going too far. Without going into detail, I agree to some extent with that proposition, but if laws are to be violated with impunity, if they are not to be enforced, if by reason of those facts a sentiment has grown up in this country to the effect that there is need of more legislation, can we be very much surprised if the pendulum should go a little bit too far in the other direction? It takes a steady hand always to say: "Thus far and no farther."

Reference has been made to the tobacco case, and my good friend the Professor said that there was not any difference in the price of tobacco and cigarettes. Well, it so happens that that does not make any difference to me because I don't use either of them. But I was not surprised at that. When you have the same owners in all of the companies, electing directors, even if they are not the same directors, what do you expect? Do you expect a decrease in price? Let me suggest that the men who elect directors should usually control directors.

Let me suggest this as one of the benefits to be derived from this Trade Commission: I do not believe in the fixing of prices by a trade commission. I am not that

near socialism yet. I believe in the independent American man, the business man. (Applause.) I want to give him every liberty that is consistent with the freedom and liberty of all. I want him to do business inspired by his own intellect and not controlled by a commission. You have a commission sitting, and placed before it on the top of the table certain agreements, and you ask the views of the commission as to what those agreements are. Is this combination going to be all right? Well, in the first place, I want to know what the agreements are that are under the table or up their sleeve. We place two or three agreements on this table, perfectly innocent, and perfectly harmless, when taken and considered of themselves. But I don't know what the combinations are going to be, or what are going to be the supplemental acts of those parties. We may have two chemicals and place them here side by side, but put them together and apply a match and you have an explosion; so that that feature of the trade commission I don't think would be of particular avail to us. But if you have this Trade Commission made up of men of the proper spirit, not narrow fault-finding men, but broad-gauged business men, men who see things in a proper spirit, and they come to investigate the affairs of the Jones Company and find that here, perhaps unconsciously, some man is overstepping the bounds of the law, his attention is called to it and matters are straightened out. In my humble judgment ninety-nine out of every one hundred men in this country are honest business men and want to comply with the law. Suppose that we had had the Trade Commission of that character when it came to the investigation of the affairs of the American Tobacco Company. Do you

suppose they would have gone the length they did before they were finally brought to justice in the Supreme Court at the hands of the Attorney-General who sits before me? By no means, and it seems to me that when you have these public corporations that derive their franchises from the government, they will be a little more careful in a matter of complying with the laws than they have been in the past.

Again, it is suggested in the Bill—I mean the one that is in the Senate—that this Commission shall be provided with further power; that is, that after a Court shall have concluded what its findings shall be and a decree is to be entered, it shall study the record of the case and go to that Court with suggestions as to what should be the final definite form of that decree, and then the parties shall have the right to be heard and file exceptions if they so desire. It seems to me that in that respect good may come, and I think there is a further power that should be given them, and I believe will be given them,—that this Commission at the instance of the Attorney-General, or of the President of the United States, or of either branch of Congress, can investigate the affairs of any corporation, combination, or association.

Now, Mr. President and gentlemen, there are a number of other matters to which I wish to call attention just briefly. Something has been said about the subject of interlocking directorates. I recognize the fact, and I think everybody will agree with me, that if there are two parallel railroad companies that are competing for trade, that as to those companies we can fairly say they ought not to have interlocking directors. There are other companies—it may be small banks—in which

it would be a serious handicap to the business if interlocking directors were forbidden, and the thought which we have in mind, or at least some of us, is this: That interlocking directorates should be forbidden and be unlawful; provided, however, that the companies that may have these interlocking directorates may file their application before the Commission, notice being given to the Attorney-General and to other persons who may be engaged in a competing business. They shall have the opportunity to be heard, and if it shall be ascertained that by these interlocking directorates there is not unfair competition, they shall not be interfered with.

When it comes to competing companies holding stock in one another, the same principle could be applied. As to holding companies, it may be that certain holding companies are in a form which makes an interference with fair competition, but there may be holding companies which do not interfere. For instance, if there be a holding company that has the stock of a gas company in one small city of New York, or in another small city, it may be in Pennsylvania, another small city in Ohio, what harm could come from having the stock of those companies held by one company if it is necessary in order to properly finance it?

I recognize that these are difficult things to deal with. I think that I can say that there is no man on the Committee in the United States Senate who wants to do a thing that is going to hamper legitimate business. (Applause.) The difficulty in these propositions is to ascertain how far we ought to go and there stop.

I am admonished that my time has expired. There are a number of other things that I thought of saying a word or two about to-night, but I simply must say this

in conclusion. My friend, Mr. Mathewson, referred to the pleasant hearing he had before our Committee. That Committee will always welcome the views of intelligent men, and the views which were presented to that Committee were indeed very instructive even if we didn't agree with all of them. (Applause.)

MR. WILLCOX: The guest of honor was to have been excused from speaking to-night, but we are through before schedule time and I have prevailed upon him to say a few words, Hon. George W. Wickersham.

ADDRESS BY HON. GEORGE W. WICKERSHAM,  
*Attorney-General in the Cabinet of President Taft*

Mr. Chairman, Ladies, and Gentlemen of the Economic Club: I had not intended to speak this evening, because I have already expressed my views on the subject under discussion on several occasions in print and in speech; but there are one or two things that it seems to me might be touched upon before closing the discussion we have had here this evening. It has seemed to me that the primary defect in this program which is now up before Congress is that it is wholly negative and prohibitive, and with the exception of the single limited provision concerning the Interstate Trade Commission, there is not one single, constructive thought embodied in that program. (Applause.)

I do not believe that the subject before the country to-day can be effectively dealt with by prohibitive legislation only. Almost all of the difficulties which have given rise to complaint in the public mind concerning the administration of the industries in this country

have grown out of the abuse of corporate organization. A very intelligent English critic of our institutions some time ago remarked that in our federal system lay the germs of the greatest civic immorality, and that fact is most clearly illustrated in the field of corporate organization and conduct. We have here forty-eight separate sovereignties, each one engaged in erecting corporations, chartering them with certain powers, and sending them forth into the fields of interstate commerce. We have a system of constitutional law under which no corporation of one state can go into another state, except it conform with the requirements of the laws of that other state, provided and except that it may carry on interstate commerce as such, simply, without submitting itself to the regulation of the particular state.

I was in Washington two or three days ago, and happening into the Supreme Court, I listened there to the argument of a question which involves very seriously even that limited liberty which is given to the corporations of one state that adventure into another. The State of Kentucky had legislated in regard to certain corporations, and a corporation not desiring to submit itself to that legislation had withdrawn from the state. Thereupon it sent a drummer into that state to take orders which were to be filled in another state,—admittedly interstate commerce. A suit was brought against it in the State of Kentucky, and process was served on that drummer. The State of Kentucky held in its courts that it had jurisdiction over that corporation, because it had gone into that state to do business, even though it were merely interstate commerce, and the question is before the Supreme Court

to-day whether or not the corporation thereby submitted itself to suit in that state. Now, whatever the Court may decide, that is indicative of the unsatisfactory condition of carrying on business in interstate commerce in one sovereignty by a corporation of another sovereignty; and that very fact and many other similar facts have led to the formation of holding companies which have given rise to probably most complaints and have furnished the machinery for the formation of most of the so-called trusts or monopolies or near-monopolies, which have existed in this country.

In my opinion, the problem will never be solved until the United States national government takes it up affirmatively, provides for the creation of national corporations, confers upon them powers as well as subjects them to duties, and sends them forth through the country to conduct interstate commerce under the complete control of one sovereignty, and not under the conflicting regulations of forty-eight different sovereignties plus a forty-ninth sovereignty in the national government. (Applause.)

The objection which has been made to this by my Democratic friends is that it is a centralization of power; it is ignoring the sovereignty of the states, and it is contrary to the tenets which they have always professed. Well, it is only the assertion in an affirmative and helpful way of the power which they are seeking to exercise in a negative and hurtful way (applause), and the power which assumes to say that no corporation shall carry on business without conforming to a multiplication of prohibitive regulations, can certainly say that if it organizes originally in Washington, it may carry on business by conforming to certain affirmative regula-

tions. That is the thought that it seems to me has not been dealt with here.

Now a word about the Interstate Trade Commission, which is the only bit of near-constructive legislation that is furnished by this program. I want to say in passing, however, before I come to that, that it is a gratification to hear in this presence, the tribute paid by almost every one of these speakers to the Sherman Law which we have heard to-night. I think we all, who have been following this question of late, have come to the conclusion that the Sherman Law is a very effective piece of legislation as it is now construed by the Supreme Court. The difficulty in the past was not so much what Senator Pomerene has said. The difficulty lay really with the misconception of that law embodied in the original decision of the Supreme Court, when it held in the Knight case that it did not apply to manufacture as distinguished from commerce. That gave rise to the feeling which was expressed by a succession of Attorneys-General—and, I am bound to say, expressed with a good deal of reason because of the decision of the Supreme Court—that the law was inadequate to reach these great combinations of industry, and therefore the attempt to control them had failed. But is that, however, being done through this Interstate Trade Commission? A great many people have yielded to the idea that it would be a great thing to have a commission so that we could go down to Washington and get the commission to approve of something that we were going to do; forgetting that, after all, a commission is only a body of men, a body of men with that finite intelligence which is characteristic of all human intellects, a body of men laboring under the difficulty

of doing a great amount of work in twenty-four hours, all that is allotted to most days even in Washington under the pressure of public business; and there are three hundred thousand corporations in the United States. Any mathematician can compute how many combinations might arise among those three hundred thousand corporations which would ultimately have to come before this commission to be treated. So when we have created this commission, it may prove on the whole not quite as advantageous as we had thought.

My own belief is that a commission may be made advantageous within certain limits. I was placed in a position of being the pioneer in the application of this law after a court had condemned a combination, to carry it into practical effect, and I should have been very glad to have devolved that responsibility upon a commission. In my official report to Congress that year, I pointed out the fact that the law officer of the government was left without any guide in working out that problem save that which the Court might furnish him, and it had no guide; so it was a case of the blind leading the blind. The Senator has told you we both fell into the ditch; although I don't think so. (Laughter.) We struggled along and did the best we could, without any precedent to guide us, without any definite rules of law to control us, to do that which had never been done before—take a vast combination which had been made up by piling corporation upon corporation, and dissolve it into a number of different corporations; and we worked out what, if I had more time I would be very glad to demonstrate, to my own satisfaction if not yours, was a very

satisfactory result, even though the price of cigarettes has not been diminished. (Laughter.) Nevertheless, it is not a responsibility that ought to have been devolved upon one man or upon a small group of men. It was a responsibility that would better have been placed upon a body of persons trained in that sort of thing and having the authority of law.

So that, when I took up this Trade Commission Bill, the first thing I looked for was whether they had met that need, and I found they had met it by carefully avoiding it! That is the characteristic of the first bit of "constructive legislation" this Congress has proposed.

Then I found the one thing they had gone "strong" on was investigation. (Laughter.) I found this same old idea that has been so rife in legislatures and is so rife to-day—when you don't know what to do, have an investigation. So they conferred powers of investigation upon this Commission that go beyond anything the Supreme Court has ever dreamed could be done under the Constitution,—even what is left of the Constitution. (Laughter.) That doesn't meet the needs of the business men of this country, and it doesn't meet the needs of the thoughtful people of this country, whether they are business men or not. We have had investigation upon investigation. We have thousands and thousands of volumes of facts obtained by investigating committees of one sort or another. What we want now is some constructive, affirmative thought that is going to help people to carry on their business in conformity with the law. (Applause.)

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FIRST MEETING

Wednesday Evening, June 5, 1907

HOTEL ASTOR

Greetings from the Economic Club of Boston  
Ex-Mayor JOSIAH QUINCY of Boston

SUBJECT

*IS THE OVER-CAPITALIZATION OF RAILROADS  
AN EVIL?*

SPEAKERS

STUYVESANT FISH  
New York

JOSEPH FRENCH JOHNSON  
Dean of the School of Commerce and Finance, New  
York University

CHARLES A. CONANT  
Banker, Publicist

ALEXANDER D. NOYES  
Financial Editor of the *New York Evening Post*

HENRY CLEWS  
Banker

JOHN BATES CLARK  
Professor of Political Economy, Columbia University

FRANCIS LYNDE STETSON  
Of the New York Bar

EDWIN R. A. SELIGMAN, *Presiding*  
Vice-President of the Club

**SECOND MEETING****Thursday Evening, December 12, 1907****HOTEL ASTOR****SUBJECT*****THE PRESENT FEDERAL POLICY IN RELATION  
TO TRUSTS AND CORPORATIONS*****SPEAKERS****HON. WILLIAM H. LANGDON**District Attorney for the City and County of San  
Francisco**HON. CHARLES A. PROUTY**

Interstate Commerce Commission, Washington

**REV. THOMAS R. SLICER**

Pastor All Souls' Church, New York

**HON. JEFFERSON M. LEVY**

Formerly Member of Congress from New York

**JOHN G. AGAR**

Of the New York Bar

**A. BARTON HEPBURN, *Presiding***  
President of the Club

**THIRD MEETING**

**Wednesday Evening, February 5, 1908**

**HOTEL ASTOR**

**SUBJECT**

***THE CURRENCY SYSTEM OF THE  
UNITED STATES***

**SPEAKERS**

**VICTOR MORAWETZ**

Chairman of the Executive Committee of the Atchison,  
Topeka & Santa Fé Railroad

**ANDREW CARNEGIE**

New York

**HON. LYMAN J. GAGE**

Formerly Secretary of the Treasury, Washington

**HON. WILLIAM JENNINGS BRYAN**

Lincoln, Nebraska

**FRANCIS LYNDE STETSON, *Presiding***

Vice-President of the Club

**FOURTH MEETING****Wednesday Evening, April 1, 1908****HOTEL ASTOR****SUBJECT**

*THE PRESENT INFLUENCE OF SOCIALISTIC  
DOCTRINE UPON INDUSTRY AND  
LEGISLATION*

**SPEAKERS****FREDERIK VAN EEDEN**

Sociologist, Poet, of Holland

**ALBERT SHAW**Editor of the *Review of Reviews***JOHN BATES CLARK**

Professor of Political Economy, Columbia University

**MORRIS HILLQUIT**Member of the National Executive Committee of the  
Socialist Party of the United States**FRANKLIN H. GIDDINGS**

Professor of Sociology, Columbia University

**A. BARTON HEPBURN, *Presiding***

President of the Club

**FIFTH MEETING**

**Monday Evening, November 30, 1908**

**HOTEL ASTOR**

**SUBJECT**

***THE OUTLOOK FOR PROSPERITY***

**SPEAKERS**

**\*HON. PAUL MORTON**

President of the Equitable Life Assurance Society

**NICHOLAS MURRAY BUTLER**

President of Columbia University

**CYRUS H. McCORMICK**

President of the International Harvester Company

**AUGUSTUS THOMAS**

Playwright

**\*EDWARD H. HARRIMAN**

President of the Union Pacific Railroad

**FRANCIS LYNDE STETSON, *Presiding***

Vice-President of the Club

\* Deceased

**SIXTH MEETING****Monday Evening, January 18, 1909****HOTEL ASTOR****SUBJECT****LABOR ORGANIZATIONS IN RELATION TO  
EFFICIENT DEMOCRACY****SPEAKERS****HARRY A. GARFIELD**

President of Williams College

**WARREN S. STONE**Grand Chief of the International Brotherhood of  
Locomotive Engineers**HON. CHARLES E. LITTLEFIELD**

Formerly Member of Congress from Maine

**HON. J. KEIR HARDIE, M.P.**

Chairman of the Labor Party in the House of Commons

**HAROLD E. GORST**

London

**CHARLES RANN KENNEDY**Author of *The Servant in the House***A. BARTON HEPBURN, *Presiding***

President of the Club

SEVENTH MEETING

Monday Evening, March 29, 1909

HOTEL ASTOR

GUESTS OF HONOR

HON. H. WADA

Director-General of the Japanese Exposition of 1917

HON. T. SAKAI

Commissioner of the Japanese Exposition of 1917

SUBJECT

*OUR COMMERCIAL RELATIONS WITH THE  
ORIENT*

SPEAKERS

HON. OSCAR PHELPS AUSTIN

Chief of the Bureau of Statistics of the Department  
of Commerce and Labor, Washington

JOHN FOORD

Secretary of the American Asiatic Association; for-  
merly Editor-in-Chief of the *New York Times*

HON. CHESTER HOLCOMBE

Formerly Secretary of the American Legation and  
Acting Minister at Peking

HON. JOHN GREEN BRADY

Governor of Alaska from 1897 to 1909

ALEXANDER TISON

Formerly Professor of English and American Law in  
the Japanese Imperial University at Tokyo

FRANCIS LYNDE STETSON, *Presiding*  
Vice-President of the Club

**EIGHTH MEETING****Wednesday Evening, May 5, 1909****HOTEL ASTOR****SUBJECT****TARIFF PROBLEMS****SPEAKERS****HON. THEODORE P. SHONTS**

President of the Interborough Rapid Transit Company; formerly Chairman of the Panama Canal Commission

**HENRY R. TOWNE**

President of the Merchants' Association of New York; President of the Yale and Towne Manufacturing Company

**KENYON COX**

Artist, Author

**HON. W. BOURKE COCKRAN**

New York

**A. BARTON HEPBURN, *Presiding***  
President of the Club

**NINTH MEETING**

**Monday Evening, November 29, 1909**

**HOTEL ASTOR**

**GUESTS OF HONOR**

**HON. HENRY WHITE**  
Ambassador to France

**HON. DAVID JAYNE HILL**  
Ambassador to Germany

**MEMBERS OF THE NATIONAL MONETARY COMMISSION**

**SUBJECT**

***THE WORK OF THE NATIONAL MONETARY  
COMMISSION***

**SPEAKER**

**HON. NELSON W. ALDRICH**  
United States Senator from Rhode Island

**FRANCIS LYNDE STETSON, *Presiding***  
President of the Club

**TENTH MEETING****Friday Evening, January 28, 1910****HOTEL ASTOR****SUBJECT*****THE FEDERAL SUPERVISION OF RAILROAD  
CORPORATIONS*****SPEAKERS****HON. JUDSON C. CLEMENTS**

Of the Interstate Commerce Commission, Washington

**HON. WILLIAM MCCARROLL**

Of the Public Service Commission of New York State

**WALKER DOWNER HINES**Acting Chairman of the Executive Committee of the  
Atchison, Topeka & Santa Fé Railroad**EMORY R. JOHNSON**Professor of Transportation and Commerce in the  
University of Pennsylvania**FRANCIS LYNDE STETSON, *Presiding***  
President of the Club

**ELEVENTH MEETING**

**Thursday Evening, March 24, 1910**

**HOTEL ASTOR**

**SUBJECT**

*SHOULD THE PENDING AMENDMENT TO THE  
CONSTITUTION, PERMITTING A FEDERAL  
INCOME TAX, BE ADOPTED?*

**SPEAKERS**

**AUSTEN G. FOX**  
Of the New York Bar

**HON. LAWSON PURDY**  
President of the Department of Taxes and Assessments  
of New York City

**WILLIAM D. GUTHRIE**  
Of the New York Bar

**HON. WILLIAM E. BORAH**  
United States Senator from Idaho

**FRANCIS LYNDE STETSON, *Presiding***  
President of the Club

## TWELFTH MEETING

Wednesday Evening, May 18, 1910

HOTEL ASTOR

SUBJECT

*OUR COMMERCIAL RELATIONS WITH CANADA*

SPEAKERS

HENRY M. WHITNEY

Formerly President of the Boston Chamber of  
Commerce

HON. WALLACE NESBITT, K. C.

Formerly Justice of the Supreme Court of Canada

D. LORNE MCGIBBON

President of the Canadian Consolidated Rubber  
Company

HON. CHARLES S. HAMLIN

Formerly Assistant Secretary of the Treasury

FRANCIS LYNDE STETSON, *Presiding*  
President of the Club

THIRTEENTH MEETING

Tuesday Evening, December 13, 1910

HOTEL ASTOR

GUESTS OF HONOR

HON. ALBERT SÜDEKUM

Member of the German Parliament for Nuremberg

DR. TASUKU HARADA

President of the Doshisha University, Kyoto

HON. WILLIAM LOEB, JR.

Collector of Customs, Port of New York

SUBJECT

*IS FURTHER CONCENTRATION OF POWER IN  
THE FEDERAL GOVERNMENT DESIRABLE?*

SPEAKERS

HON. FREDERIC J. STIMSON

Of the Boston Bar

ALBERT BUSHNELL HART

Professor of History in Harvard University

HON. FRANK B. KELLOGG

Formerly Special Counsel for the United States  
Government

MELANCTHON WOOLSEY STRYKER

President of Hamilton College

JOHN G. MILBURN, *Presiding*

President of the Club

**FOURTEENTH MEETING****Friday Evening, February 10, 1911****HOTEL ASTOR****SUBJECT*****SHOULD THE PANAMA CANAL BE FORTIFIED?*****SPEAKERS****HENRY WADE ROGERS**

Dean of the Law School, Yale University

**DR. LOUIS LIVINGSTON SEAMAN**

Major-Surgeon, U. S. Volunteer Engineers

**LIEUTENANT-GENERAL NELSON A. MILES, U. S. A.**

Senior Commanding Officer, U. S. A., from 1895 to 1903

**HENRY REUTERDAHL**

Naval Artist and Author

**HON. J. WARREN KEIFER**Member of Congress from Ohio; formerly Speaker of  
the House of Representatives**JOHN G. MILBURN, *Presiding***

President of the Club

**FIFTEENTH MEETING**

**Monday Evening, March 27, 1911**

**HOTEL ASTOR**

**SUBJECT**

***THE NEW CONCEPTION OF INDUSTRIAL  
EFFICIENCY***

**SPEAKERS**

**FRANK B. GILBRETH**

Contractor and Builder

**JAMES O. FAGAN**

Railroad Signalman

**HENRY R. TOWNE**

President of the Merchants' Association

**HARRINGTON EMERSON**

Efficiency Engineer; Author of *Efficiency*, etc.

**JAMES DUNCAN**

Secretary-Treasurer of the Granite Cutters' International Association

**LOUIS D. BRANDEIS**

Of the Boston Bar

**HON. WILLIAM MCCARROLL, *Presiding***

Of the Public Service Commission

## SIXTEENTH MEETING

Monday Evening, May 22, 1911

HOTEL ASTOR

GUESTS OF HONOR

HON. GEORGE VON L. MEYER

Secretary of the Navy

REAR-ADMIRAL ALFRED T. MAHAN, U. S. N.

Delegate to the First Hague Peace Conference

HON. ALLEN BAKER, M.P.

London

SUBJECT

*INTERNATIONAL ARBITRATION, ITS ECONOMIC AND POLITICAL ASPECTS*

SPEAKERS

BARON D'ESTOURNELLES DE CONSTANT

Member of the French Senate; President of the Association for International Conciliation

HAMILTON HOLT

Editor of the *Independent*

HUDSON MAXIM

Inventor, Mechanical Engineer, Author

HON. SAMUEL J. ELDER

Senior Counsel in the Fisheries Arbitration with Great Britain

JAMES SPEYER, *Presiding*  
Vice-President of the Club

SEVENTEENTH MEETING

Wednesday Evening, November 22, 1911

HOTEL ASTOR

SUBJECT

GOVERNMENT REGULATION OF TRUSTS,  
WITH SPECIAL REFERENCE TO  
THE SHERMAN ACT

SPEAKERS

HON. ALBERT BAIRD CUMMINS  
Senator from Iowa

SAMUEL UNTERMYER  
Of the New York Bar

DR. JAMES R. DAY  
Chancellor of Syracuse University

HON. MARTIN W. LITTLETON  
Member of Congress from New York

JOHN G. MILBURN, *Presiding*  
President of the Club

## EIGHTEENTH MEETING

Tuesday Evening, December 19, 1911

HOTEL ASTOR

GUESTS OF HONOR

ANDREW CARNEGIE

President of the New York Peace Society

HON. RICHARD BARTHOLDT, M.C.

Interparliamentary Union

HON. SETH LOW

Formerly Mayor of the City of New York

HENRY W. TAFT

Of the New York Bar

HON. A. BARTON HEPBURN

President of the New York Chamber of Commerce

President of the New York Clearing House

SUBJECT

*THE ARBITRATION TREATIES*

SPEAKER

HON. WILLIAM HOWARD TAFT

President of the United States

JOHN G. MILBURN, *Presiding*

President of the Club

**NINETEENTH MEETING**

**Thursday Evening, February 29, 1912**

**HOTEL ASTOR**

**GUEST OF HONOR**

**HON. W. MORGAN SHUSTER**

Formerly Treasurer-General of Persia

**SUBJECT**

*THE INITIATIVE, REFERENDUM AND RE-  
CALL IN RELATION TO REPRESENTATIVE  
GOVERNMENT*

**SPEAKERS**

**WILLIAM ALLEN WHITE**

Editor of the *Emporia Gazette* (Kansas)

**FREDERICK P. FISH**

Formerly President American Bell Telephone  
Company

**LEWIS J. JOHNSON**

Professor of Engineering, Harvard University

**HON. THEODORE E. BURTON**

Senator from Ohio

**PROF. JOSEPH FRENCH JOHNSON, *Presiding***  
Of New York University

**TWENTIETH MEETING****Thursday Evening, May 23, 1912****HOTEL ASTOR****COMMEMORATING THE FIFTH ANNIVERSARY  
OF THE CLUB'S ORGANIZATION*****OUR FIFTH BIRTHDAY*****ADDRESSES BY****WILLIAM H. LINCOLN**

President of the Economic Club of Boston

**HENRY CLEWS**

A Founder of the Economic Club of New York

**JOHN G. MILBURN**

President of the Club

**SUBJECT*****GOVERNMENT IN RELATION TO BUSINESS*****SPEAKER****HON. WOODROW WILSON**

Governor of the State of New Jersey

**JOHN G. MILBURN, *Presiding***

President of the Club

**TWENTY-FIRST MEETING**

**Friday Evening, November 1, 1912**

**HOTEL ASTOR**

**SUBJECT**

***THE REGULATION OF COMPETITION***

***VERSUS***

***THE REGULATION OF MONOPOLY***

**SPEAKERS**

**LOUIS D. BRANDEIS**

Of the Boston Bar

**CHARLES R. VAN HISE**

President of the University of Wisconsin

Author of *Concentration and Control*

**TALCOTT WILLIAMS**

Dean of the School of Journalism, Columbia University;  
formerly Editor of *The Philadelphia Press*

**JAMES SPEYER, *Presiding***

President of the Club

## TWENTY-SECOND MEETING

Tuesday Evening, January 21, 1913

HOTEL ASTOR

GUEST OF HONOR

HON. WILLIAM TRAVERS JEROME

Formerly District Attorney of New York County

SUBJECT

*PROBLEMS OF POLICE ADMINISTRATION*

WILLIAM J. BURNS

Detective; formerly of the United States Secret Service

A. LEO WEIL

President of the Voters' League of Pittsburgh

FRED KOHLER

Chief of Police of the City of Cleveland

HON. FREDERIC C. HOWE

Director of the People's Institute; formerly Member of  
the Ohio SenateAuthor of *The City the Hope of Democracy*JAMES SPEYER, *Presiding*

President of the Club

**TWENTY-THIRD MEETING**

**Monday Evening, February 24, 1913**

**HOTEL ASTOR**

**GUESTS OF HONOR**

**HIS EXCELLENCY COUNT JOHANN VON BERNSTORFF**  
Ambassador of Germany to the United States

**HON. CHARLES M. DICKINSON**  
Consul-General of the United States to Turkey,  
1897-1908  
Consul-General-at-Large, 1906-1908

**SUBJECT**

***EFFICIENT CITY GOVERNMENT***

**SPEAKERS**

**\*HON. WILLIAM J. GAYNOR**  
Mayor of the City of New York

**HON. RUDOLPH BLANKENBURG**  
Mayor of the City of Philadelphia

**HON. HENRY T. HUNT**  
Mayor of the City of Cincinnati

**JAMES SPEYER, *Presiding***  
President of the Club

\* Deceased.

## TWENTY-FOURTH MEETING

Tuesday Evening, April 29, 1913

HOTEL ASTOR

GUESTS OF HONOR

HON. WALTER H. PAGE

Ambassador Designate to Great Britain

WILLIAM C. BROWN

President of the New York Central Lines

SAMUEL REA

President of the Pennsylvania Railroad System

SUBJECT

*ARE OUR RAILROADS FAIRLY TREATED?*

SPEAKERS

FREDERIC A. DELANO

President of the Wabash Railroad

A. B. GARRETSON

President of the Order of Railway Conductors of  
America

BENJAMIN F. BUSH

President of the Missouri Pacific Railroad

WILLIAM Z. RIPLEY

Professor of Political Economy in Harvard University  
Author of *Railroads: Rates and Regulations*, etc.

Annual Election of Officers preceding the Addresses

JAMES SPEYER, *Presiding*

President of the Club

OFFICERS, 1913-1914

*President*

JAMES SPEYER

*Vice-Presidents*

FRANK A. VANDERLIP

WILLIAM R. WILLCOX

*Secretary*

ROBERT ERSKINE ELY

*Treasurer*

JOSEPH FRENCH JOHNSON

*Executive Committee*

The Officers and

IRVING T. BUSH

JAMES G. CANNON

JOHN CLAFLIN

HENRY CLEWS

OTTO M. EIDLITZ

JOHN FRANKENHEIMER

PAUL FULLER

WALKER D. HINES

HAMILTON HOLT

JOHN G. MILBURN

HENRY MORGENTHAU

JOHN HARSEN RHOADES

HENRY R. SEAGER

FRANCIS LYNDE STETSON

FRANK TRUMBULL

## CONSTITUTION

AS AMENDED BY VOTE OF THE CLUB  
MARCH 29, 1909, AND NOVEMBER 22, 1911

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### I.

#### *Title*

This organization shall be known as The Economic Club of New York.

### II.

#### *Object*

The object of the Club shall be to aid in the creation and expression of an enlightened public opinion on the important economic and social questions of the day.

### III.

#### *Officers and Committees*

I. The officers of the Club shall be a President, two Vice-Presidents, a Secretary and a Treasurer, who, with fifteen other members, shall constitute the Executive Committee. Any seven members of the Executive Committee shall constitute a quorum. The

officers shall be elected by the Club, except the Secretary and the Treasurer, who shall be chosen by the other members of the Committee. Officers are elected to serve until the following annual election, to be held at the last regular meeting of each fiscal year, or until their successors are chosen. The President, or in his absence one of the Vice-Presidents or other executive officers, shall preside at all business meetings of the Club. The President shall preside at, or may choose a presiding officer for, each public discussion.

2. The members of the Executive Committee, exclusive of the officers, shall be divided into three groups of five members each, one group to be elected each year at the annual election, to serve for the term of three years, and the members so elected shall not be eligible for re-election until one year after the expiration of their terms of office.

#### IV.

##### *Duties of the Executive Committee*

Except in so far as they may be limited by express vote of the Club, the Executive Committee shall have full authority to manage its business and properties, to fill vacancies in offices and committees, to make all necessary arrangements for meetings and procuring of speakers, and to appropriate funds from the net balance in the treasury in payment for any services, rents, or other expense properly incurred in carrying on the work of the organization. Neither the Club nor any officer or committee shall contract any indebtedness exceeding the net balance then remaining in the treasury.

## V.

*Meetings*

Four regular meetings shall be held each year, to consist of a dinner followed by a discussion of some economic subject, at such time and place as the Executive Committee may determine. Special meetings may be called at any time by the President, the Executive Committee, or by a petition of ten per cent. of the membership of the Club filed with the Secretary.

## VI.

*Membership*

1. Candidates for membership must be proposed by one member of the Club, seconded by another, and submitted to a Membership Committee of three members appointed by the Executive Committee. A unanimous vote of the Membership Committee shall be necessary for the election of candidates.

2. The annual dues for membership shall be fifteen dollars, payable in advance at the beginning of each fiscal year. Members shall have the privilege of attending the four regular meetings of the Club without additional payment.

3. Members admitted at any time after the first regular meeting of any fiscal year shall be given credit for a sufficient number of meetings in the next following fiscal year, so that such members shall have the privilege of attending *the four consecutive meetings from the date of their admission to membership*; and they shall make

a proportionate further payment for the remainder of the fiscal year after the fourth consecutive meeting.

4. The number of members shall be limited to twelve hundred.

5. The fiscal year shall begin October first in each year.

6. Honorary members may be elected at any time by unanimous vote of the Executive Committee. Such members shall be exempt from the payment of dues and shall have all the privileges of membership except those of voting and holding office. Honorary members shall not be included under the limitation of the number of members fixed by the Constitution.

7. Speakers participating in the discussion of the Club who are non-members, by vote of the Membership Committee may become complimentary members for the term of one year following an address by them at any meeting of the Club. Such members shall be exempt from the payment of dues and shall have all the privileges of membership except those of voting and holding office. Such members shall not be included under the limitation of the number of members fixed by the Constitution.

## VII.

### *Resignations*

1. Resignations must be made in writing and sent to the Secretary of the Club not later than November fifteenth in any fiscal year.

2. Members whose dues for the current fiscal year are not paid and who do not send in a written resignation by or before November fifteenth, provided at least

two notices that the dues are payable have been mailed to such members on or about October first and on or about November first, shall be dropped from the Club.

## VIII.

### *Amendments*

This Constitution may be amended by a two-thirds vote at any regular meeting of the Club, provided that at least one week's notice be given to each member of the general nature of any proposed amendment or addition, such notice to be sent upon order of the President or Executive Committee or on petition of five per cent. of the members.

## THE NATIONAL ECONOMIC LEAGUE

J. W. BEATSON, *Secretary*  
6 Beacon St., Boston, Mass.

The object of the National Economic League (with which the Economic Club of New York is affiliated) is to disseminate facts concerning social and economic questions and to promote discussion of such questions. The League undertakes to secure through its National Council, which is composed of representative men from every state, a consensus of the best public opinion of the country as to which are the really vital economic and social questions, and aims to crystallize public sentiment regarding these questions and make it an effective force for good.

Last year, *Efficiency in the Administration of Justice* was the subject selected by the National Council as of paramount importance, and this subject has already been discussed by many of the Economic Clubs. A special committee of the League, composed of Dr. Charles W. Eliot, Mr. Louis D. Brandeis, Hon. Adolph J. Rodenbeck, Prof. Roscoe Pound, and Hon. Moorfield Storey, has prepared a report on this question, which is now being submitted for criticism to a larger committee of two hundred, and also to the members of the National Council. If the report is approved, it is to furnish the basis for an active campaign which the

League proposes to undertake for the improvement of our Courts, and our present method of judicial procedure.

A fundamental feature of the Economic Club is that at each meeting speakers representing diverse view-points upon the question under discussion be brought together in order that the arguments on all sides may be heard and compared. Over a thousand addresses have thus far been delivered before the Economic Clubs, a majority of the speakers having been obtained through the Speakers' Bureau of the Economic League.

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#### EXECUTIVE COUNCIL

DAVID STARR JORDAN, Former President of Leland Stanford, Jr., University.

LOUIS D. BRANDEIS, Lawyer.

JACOB GOULD SCHURMAN, President of Cornell University.

CHARLES J. BONAPARTE, Former U. S. Attorney-General.

JOHN D. LONG, Former Secretary of the Navy.

JOHN GRAHAM BROOKS, Sociologist.

PETER STENGER GROSSCUP, Former Judge of U. S. Circuit Court of Appeals.

FRANKLIN K. LANE, Secretary of the Interior.

CHARLES P. NEILL, Former U. S. Commissioner of Labor.

\*EDWIN GINN, Publisher.

CHARLES F. THWING, President of Western Reserve University.

HARVEY S. CHASE, *Treasurer*, Municipal Accountant.

J. W. BEATSON, *Secretary*, 6 Beacon Street, Boston.

\* Deceased.

## AFFILIATED SOCIETIES

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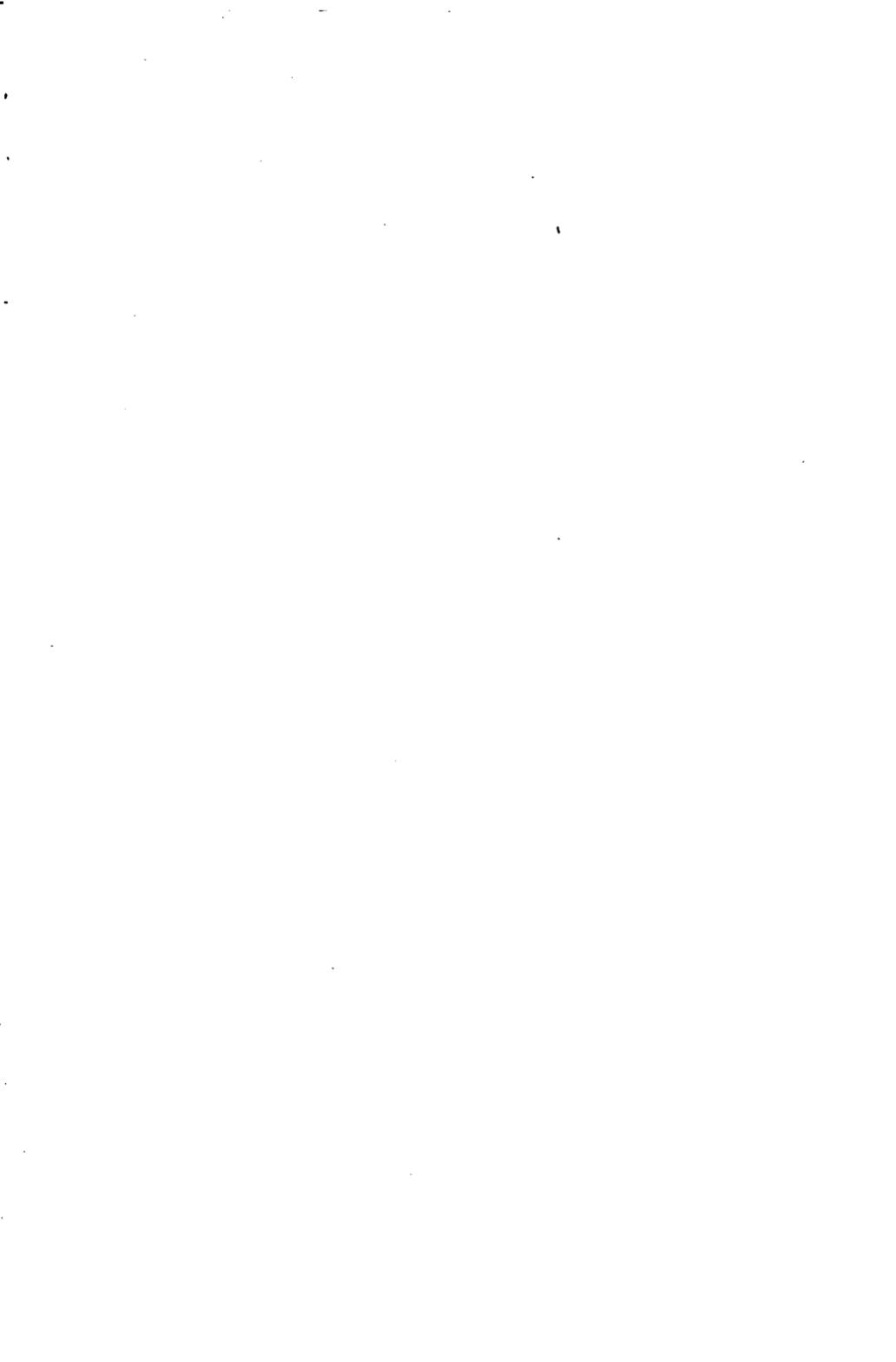
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