BECAME I was a director of many railroads, I traveled thousands of miles every year on trips of inspection. Consequently, I came to know well and to admire many of the men who were operating the properties controlled by such giants as Harriman and Hawley. Harriman had been a broker on the New York Stock Exchange before he began to concern himself with railroads, and Hawley—well, Hawley was a mouse-faced, taciturn bachelor who remained to the end of his life something of a mystery. To me, the biggest mystery of all was the fact that with a fortune of many millions he died intestate. These great capitalists had as their lieutenants practical railroad men. Naturally, because of the City Bank's relations with Harriman, I was in especially close touch with his roads.

Out of a host of men important in Harriman's service who clamber for recognition, I find myself fixing my mind on Epes Randolph. Mr. Randolph was a grand man, one who was particularly lovable. I am sure you might find a thousand men who would be as fully aware as I of his endearing qualities; but be sure you would not know anything worth leaking. Well, Harriman did not take his directors into his confidence, either.

There came a day when Harriman was departing for Europe. The executive committee had a regular meeting scheduled for that day; but as Mr. Harriman's ship was to sail at noon, we were asked to meet at his house and then, in the afternoon, to finish the routine matters without his presence. Accordingly we gathered at his home, transacted some business of no great importance, and, after bidding him bon voyage, went down town. Otto Kahn, of Kuhn, Loeb & Co., remained behind so that he could go with Mr. Harriman to his ship. Mr. Kahn came from the ship to our meeting and reported that there was an important matter requiring our attention, something that Mr. Harriman had forgotten to mention.

When Directors Don't Direct

NOW, it should be said that when a company is run by a strong, dominant executive, his board of directors usually is glad to vote for anything he wishes. Quite often, I suspect, directors have voted without troubling themselves to inquire as to the purpose behind some move they authorized. Indeed, I recollect an illuminating story Mr. Stillman once told me concerning the board of the New York Central, under the autocratic direction of Commodore Vanderbilt.

There had been a leak of some information to the public, and Mr. Vanderbilt was greatly irked by it. It was information that never had reached the board. One director suggested, with something of a stutter, that the best way to stop further leakage was to elect one of the directors to the board of the New York Central, under the autocratic direction of Commodore Vanderbilt.

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The Union Pacific, Mr. Harriman had concluded, ought to sell something quite valuable which it owned—a large amount of Wells, Fargo & Co. stock. The reason relayed to the board by Mr. Kahn, from Mr. Harriman, was that competing railroads objected to the operation over their lines of an express company owned by a competitor railroad. Mr. Harriman, we were assured, desired the directors to authorize the sale of the express-company stock. He wanted the thing done as soon as possible.

The matter had come before us with what I felt to be disturbing suddenness. I wanted to know how so much stock could be sold quickly without loss. It was listed on the Exchange, but because it was so closely held transactions in it rarely occurred. In spite of the fact that opposition to Mr. Harriman was akin, a lesser majesty, I asked for more time to consider a proposal. So the matter was laid over.

One director sided with me, and so the sale did not occur. Again and again it was brought up for consideration, but we stood fast.

Because of his power to shift railroad deposits, and for other obvious reasons, Mr. Harriman was an important figure in the eyes of Mr. Stillman, Mr. Sterling and William Rockefeller. Anycrochet of Harriman was something that might, I knew, have unpleasant repercussions. I was entirely aware of this on a day when a friend came into the bank to inform me that Harriman had sailed from Europe for New York, after declaring that he was coming home for just one reason—to get my scalp.

Harriman came home, but on the surface there never was any unpleasantness between us. Eventually, at a price higher than the Stock Exchange quotation at the time it first was proposed to sell the Wells, Fargo stock, the sale was made. I wish to add that I regard Harriman as a man of great ability who rendered service to the country, however selfishly he went about it. He built up his properties and extended them, usually with wisdom. When he fought, he fought as statesmen fight—with all the forces at his command. The most important of those forces was money.

As early as 1907, I had found myself in hearty accord with Woodrow Wilson about the matter of the social value of publicity for the affairs of big corporations. He had stated publicly at that time that he thought the aggressive antagonism toward trusts was due to the fact that the people were kept in ignorance of the affairs of the trusts. He had said further—and I still agree with him—that corporation lawyers incurred the interests of their clients by counseling secrecy. Doctor Wilson at that time advocated the drafting of a statute that would compel officers of corporations to file for public inspection complete reports of directors' meetings. Well, there are some of us who have been on many boards who would say such reports might not reveal much. None of the men of Wall Street would tolerate the thought of publicity when I arrived there. If they were suspicious of reporters, they were equally suspicious of women who talked with reporters. Baker, Morgan, Stillman, habitually avoided journalists; it was an honorable but mistaken part of their creed.

A great corporate policy carrying on a public service is not a private thing; it affects too many lives. From my earliest days as a reporter, when I had to earn my way into stockholders' meetings by buying a single share of stock, I have felt that corporate secrecy generally was wrong. I thought then, and I think now, that corporation wealth would be better administered from the viewpoints of small stockholders, labor and the public. If the affairs of corporations had a great deal more publicity, what they did and how they did it would no doubt be improved. I believe we are at last finding that the people are kept in ignorance of the affairs of the trusts. I thought then, and I favor now, that Mr. Stillman was horrified.

Everything in his character cried out against a proposal to admit somebody representing all the other banks to the affairs of the City Bank. I did not feel that there was anything then; that might not be looked at; Mr. Stillman felt that advantage could be taken of us by some rival or some speculator if all the banks were subjected to outside scrutiny. I felt that there was a greater risk for us in blinding ourselves to improper dealings in some other bank. It has been my experience that honest business men greatly outnumber dishonest business men. I have found that, usually, business is fairly conducted. It is because I am so sure of this that I think that publicity rather than a ceaseless flood of new laws is what we need. Publicity would sharply curb the grasping fellows.

A Secret Expedition to Jekyll Island

Despite my views about the value to society of greater publicity for the affairs of corporations, there was an occasion, near the close of 1910, when I was as secretive—indeed, as furtive—as any conspirator. None of us who participated felt that we were conspirators; on the contrary, we felt we were engaged in a patriotic work. We were trying to plan a mechanism that would correct the weaknesses of our banking system as revealed under the strains and pressures of the panic of 1907. I do not feel it is any exaggeration to speak of our secret expedition to Jekyll Island as the occasion of the actual conception of what eventually became the Federal Reserve System.

Congress, after 1907, had realized that something had to be done to strengthen our banking system. To provide itself with a better understanding of the problems faced, it had appointed a joint commission of twenty-five members of both houses, under the chairmanship of Senator Aldrich, who was, on the whole, the best-informed and the most dominant man in Congress on financial measures. This group had gone to Europe, had interviewed bankers and the heads of the central banks, and then, after a pleasant summer, they had returned to the United States without a definite idea of what they ought to do. Senator Aldrich did not know what they ought to do, either, although he really had been working hard for two years.

For me the beginning of the adventure, I should think, was a letter that came from Mr. Stillman in Paris. He said he had just had a long conference with Senator Nelson Aldrich—Zivil in our code—who was very keen to get to work on banking and currency revision. Aldrich, Mr. Stillman reported, regretted that Henry Davison, of J. P. Morgan & Co., and I had been unable to join him in Europe during the summer; he felt that over there we might have had plenty of time for our discussions, and been free from interruptions. In a moment ofeditorial candor he would have said, "free from reporters." Mr. Stillman had said to Mr. Aldrich that freedom from interruptions was essential, but that it could be accomplished by getting Davison and me down to Warwick —his place in Rhode Island— without anyone's knowing of it. That was Mr. Aldrich's plan as he left Paris. Mr. Stillman wrote me that I should make everything else subservient to giving my whole time and thought to a thorough consideration of the subject. He said that Aldrich was persuaded that he could accomplish more by getting out of the Senate, so as to put the work of revision on a non-political basis. Mr. Stillman expressed to me his fear that after revision
Here's that New "Three Minute Relief" for Sore Throat

PICTURES EXPLAIN SIMPLE NEW TREATMENT
DOCTORS NOW PRESCRIBE

Here's a safe, modern and effective way to relieve sore throat. A way that eases the pain, rawness and irritation in as little as two or three minutes!

Millions are now following this way. Doctors are advising it. Try it. Results are quick and amazing.

Simple To Do
All you do is crush and stir 3 BAYER Aspirin Tablets in a third of a glass of water. Gargle with it twice—as pictured above. (If you have signs of a cold, take BAYER Aspirin Tablets and drink plenty of water.)

Get real BAYER Aspirin Tablets

BOTTLE OF 24 TABLETS NOW 25c. BOTTLE OF 100 TABLETS NOW 75c.

FROM FARM BOY TO FINANCIER

(Conginued from Page 25)

the banks might not be as well off. He wrote us from the tin on Davison and I ought to follow the matter very closely, and keep in touch with Aldrich. Aldrich, I was informed, believed in some sort of centralization, but not in the establishment of a central bank such as France had. Mr. Stillman also reported to me that in his talk with Senator Aldrich he himself had not expressed any views, except as he had impressed on the senator his belief in the necessity of being too much influenced by "our Wall Street point of view."

But would the electorate have believed that? I questioned their ability to do so. Just to give you a faint idea: Senator Aldrich was the father-in-law of John D. Rockefeller, Jr., and himself a very rich man. Once I had written to Woodrow Wilson at Princeton, inviting him to speak at a dinner. Wishing to impress him with the importance of the occasion, I had mentioned that Senator Aldrich also had been invited to speak. My friend Doctor Wilson had astonished me by replying that he could not bring himself to speak on the same platform with Senator Aldrich. He had come and make a speech, however, after I had reported that Mr. Aldrich's health would prevent him from appearing.

Now then, fancy what sort of headlines might have appeared over a story that Aldrich was conferring about new money legislation with a Morgan partner and the president of the biggest bank.

On October 28, 1910, I wrote to Mr. Stillman in Paris: "'Senator Aldrich met with what came very near being a severe, if not fatal, automobile accident. You probably have seen the report in the newspapers. He was pretty well bruised, having cuts on each side of his face. He is very much better now, but the accident has naturally postponed the conference that was in mind. He will be about in a few days, and Mr. John D., Jr., tells me that they do not think there will be any serious effect from the accident."

Bankers in Disguise

At the time for the assembling of Congress drew near, Senator Aldrich became increasingly concerned about the report he must write on behalf of the joint monetary commission; likewise, there ought to be, he knew, a bill to present to the new Congress, and none had been drafted. This was how it happened that a group of us went weekly to the Jekyll Island Club on the coast of Georgia.

Since it would be fatal to Senator Aldrich's plan to have it known that he was calling on anybody from Wall Street to help him in preparing his report and bill, precautions were taken that would have delighted the heart of John Q. Public. Those who had been asked to go were Henry Davison, Paul Warburg, Ben Strong, and myself. From Washington came A. Piatt Andrew, Abram Pott, Andrew. Davison and I adopted even deeper disguises, abandoning our own first names. On the theory that we were always right, he became Wilbur and I became Orville, after those two aviation pioneers, the Wright brothers. Incidentally, for years afterward Davison and I continued the practice, in communications, and when we were together.

Secret Meeting on Jekyll Island

The servants and the train crew may have known the identities of one or two of us, but they did not know all, and it was the names of all printed together that we had made our mysterious journey significant in Washington, in Wall Street, even in London. Discovery, we knew, simply must not happen, or else all our time and effort would be wasted. If it were to be exposed publicly that our particular group had got together and written a banking bill, that bill would have no chance whatever of passage by Congress. Yet, who was there in Congress who might have drafted a sound piece of legislation dealing with the technical banking problem with which we were concerned? Indeed, there were surprisingly few bankers, besides those of us who had been called together, who had given the special matters under consideration any thorough study whatever. Most bankers were reluctant to accept any change; George Baker was.

We proceeded, in the rear room of that private car, to get to work as soon as the train was moving. That first discussion of the banking structure and of what ought to be done about it produced scraps of ideas as formless as the contents of a rag bag. Everyone had some little piece of advice, as to the proper way to conduct a conference, that had been given to me by Frank Trumbull, a dear friend of mine who was then the chairman of the board of the Chesapeake & Ohio Railway.

"What we ought to do first," I said, "is to set down those things about which we are agreed, then, one by one, we can take up those things about which we seem to disagree.

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“OH, YES, I’VE SEEN YOUR ADVERTISEMENTS”

Perhaps you prefer to put off thinking about caskets and funerals until you have to. It is a natural feeling—

But one that has resulted in painful and costly mistakes.

Bereavement gives little time to find out about these things. Nor do you feel very much like investigating costs and values at such a time. That is why we ask you to consider—

and remember—a few simple facts now.

NATIONAL CASKETS are made by the world’s largest manufacturer—a company with half a century’s experience, a concern that “has never learned how to make a poor casket.”

NATIONAL CASKETS are made of wood or metal, in many beautiful designs and finishes, in every grade, and at every price. They are sold by leading funeral directors in all parts of the country. The quality of materials and construction is easily demonstrated—and NATIONAL CASKETS cost no more.

For your own protection, you should be certain that the casket you select carries a trade-mark. And remember that, on any casket, the trade-mark of the NATIONAL CASKET COMPANY is an absolute guarantee of value and quality.

We urge you to send for our booklet, “Funeral Facts.” In it you will find much valuable information about the conduct and cost of funerals. Write Dept. P-2, 60 Massachusetts Avenue, Boston, Mass.

GOLD SERVICE COSTS NO MORE

A modern establishment—a trained, intelligent and courteous personnel—distinctive motor equipment and other evidences of progress and prosperity are not an indication that funeral service charges will be high. A successful concern can be built only by serving honestly and well, at prices that are fair and reasonable.

NATIONAL CASKET COMPANY, INC.

Display Rooms in Thirty Cities

LOOK FOR THIS TRADE-MARK WHEN YOU BUY A CASKET

(Continued from Page 70)

We were taken by boat from the mainland to Jekyll Island and for a week or ten days were completely secluded, without any contact by telephone or telegraph with the outside. We had disappeared from the world onto a deserted island. The boat was plenty of colored servants, but they had no idea who Ben and Paul and Nelson were; even Vanderbilt, or Davison, or Andrew, would have meant less than nothing to them. There we worked in a clubhouse built for people with a taste for luxury. The live-oak trees wear fantastic beards of Spanish moss on Jekyll Island; in November brown leaves make its forests utterly charming. Without our ever stopping to hunt, deer, turkey and quail appeared on the table; there were pans of oysters not an hour old when they were scalloped; there were country hams with that incomparable flavor that is given to them in the South. We were working so hard that we ate enormously. We worked morning, noon and night.

We put in the most intense period of work that I have ever had. Sometimes Davison and Strong would be up at daybreak to get a horseback ride, or a swim before breakfast, but right after breakfast the six of us would gather around the table and resume the discussion where our conversation had ended the previous midnight. We stuck to the plan of sitting down on paper what we agreed upon; there was no back-tracking, no wrangling. Harry Davison was a splendid person to prevent wrangles in any company. What was really a tipped man there in an academic sense, was so intense and apparently felt a little antagonism toward Aldrich that some of our moments of strain might have developed into real hard feelings had it not been for Davison. Always could be counted on to crack a joke just at the right moment. And so, with the telephone rang, none could bother us to ask for an opinion of the market, there were no directors' meetings, no interruptions whatever. Thanksgiving occurred during that week, and we ate turkey with oyster stuffing and other good things to work up to. We went right back to work.

That was the sort of questions we dealt with. The Aldrich Plan, with a central bank, was lagging? Should it restrict its services to banks? What open-market operations should be engaged in? What rate of interest should be paid? Should it be an absolute guarantee of the service it rendered to member banks through the Federal Reserve Board? What were the esoteric propositions we dealt with, and finally, at the end of the week, we had whipped into shape a bill that we felt, proudly, should be presented to Congress. As I recall it Warburg had some objections, but we were in substantial agreement on the main lines we had created. We returned to the North as secretly as we had gone south. It was agreed that Senator Aldrich would present the bill we had drafted to the Senate. It became known to the country as the Aldrich Plan. Aldrich retired and Andrew left us at Washington, and Warburg, Davison, Strong and I returned to New York.

Congress was not in session, but on a Saturday we got word in New York that Senator Aldrich was ill—too ill to write an appropriate document to accompany his bill. Strong and I went on to Washington and together we prepared the report. If what we had done then had been made known publicly, the effort would have been denounced as a piece of Wall Street chicanery, which it certainly was not. Aldrich was a man to be a mere servant of the powerful financial interests. He was a conscientious, public-spirited man. He had called on the four of us who had Wall Street addresses because he knew that we had for years been studying aspects of the problem with which it was his public duty to deal.

I BECOME A MILLIONAIRE

As is now well known, the bill we drafted did not get through Congress. Aldrich retired from the Senate, and then a Democratic minority came down to Washington along with Woodrow Wilson, who had defeated President Taft. The platform on which he was elected contained a statement expressing the opposition of the Democratic Party to the Aldrich Plan, or a central bank. There was a good deal of discussion about that. It was contended that originally the platform committee had agreed upon the statement: “We have no objection to the Aldrich Plan for a central bank.”

Now, although the Aldrich Federal Reserve Plan was defeated when it came up here, nevertheless its essential points were all contained in the plan that finally was adopted. It provided an organization to hold the reserve of all member banks and arranged that they would always be able to relieve a member bank under emergency by the loans which it held. The law as enacted provided for twelve banks instead of the one which the Aldrich Plan would have created; but the intent of the law was to coordinate the twelve through the Federal Reserve Board in Washington, so that in effect they would operate as a central bank. There can be no question about it: Aldrich undoubtedly laid the essential, fundamental lines which finally took the form of the Federal Reserve Law.

All the experiences with which my personality has been drenched since I was born have working changes in me. A small boy is changed when for the first time he straddles a pony and thinks himself an equestrian creature is mine.” As a lad, in August, I would swim before breakfast, but right after breakfast I would go around the table and resume where our discussions ended the previous night. No note was ever taken of the conversations that occurred during that week, and we ate turkey with oyster stuffing and other good things to work up to. We went right back to work.

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years of life have worked chemical changes in that which is labeled Frank Vanderlip. Naturally, then, I am disposed to add that I was changed in the discovery that I had become a millionaire.

A million and a half dollars became mine almost by the swiftness of a dream, which it might have happened to Aladdin. I had come from Washington in 1901, possessing barely $2000. In nine years I had spent all my income, and I had made some beyond my salary as a bank officer. Then I had seized a rich opportunity in a Texas land deal. There was a deposit of sulphur on the property. An ingenious method had been developed for getting sulphur out on the ground. The trick was to send live steam deep into the earth, and then pump out the water into which the sulphur had dissolved. I made a substantial commitment of one or two hundred thousand dollars, as I recall it. I went into the venture with E. P. Swenson. He had large land interests in Texas and also commanded an active organization down there which could be relied on to develop the property on a sound basis. The speculation proved highly profitable for all who went into it. What we developed is called the Freeport-Texas Sulphur Company. A half a million and had 300 pupils. Education was what I had

I had dependents. Security for them yearned for always, and they should about half a million and had 300 pupils. Education was what I had

The Bank of Commerce was really the troublesome factor. After the insurance investigations which brought to the forefront of American life the vigorous, acute, and persistent Charles Evans Hughes, there had been an unmeasured shift of banking power. I said that the plan appeared to me

I never bought a yacht; I never

A donation of Power in Wall Street

I never bought a yacht; I never

I never bought a yacht; I never

I never bought a yacht; I never

I never bought a yacht; I never

I never bought a yacht; I never

I never bought a yacht; I never

I never bought a yacht; I never
Her husband fooled her
... for her own good!

NERVES AGAIN, MARY! WONT YOU TRY DECAFFEINATED COFFEE?
YOU KNOW I DONT LIKE IT.

Pretty, cheerful Mary... always the best of wives! But now, coffee is making her edgy, ruining her disposition. And still she enjoys it so much she can't give it up.

Bill has found the coffee for Mary. Kaffee-Hag... 100% fine coffee. 97% free from nerve-driving caffeine. He tells the cook: "Peek it twice as long as ordinary coffee."

Bill's deception works! Mary can't taste the difference in the coffee... but oh! what a difference in her never... and her smile! Give the thanks to Kaffee-Hag Coffee.

Send 15c for sample can

KELLOGG CO., Battle Creek, Mich.

Mr. Mrs.
Send me a can of Kellogg's Kaffee-Hag Coffee and booklet. I enclose 15c in stamps. (Only one sample to a family)
Mus.
Street.

February 9, 1935

Send 15c for sample can

KELLOGG CO., Battle Creek, Mich.

Mr. Mrs.
Send me a can of Kellogg's Kaffee-Hag Coffee and booklet. I enclose 15c in stamps. (Only one sample to a family)
Mus.
Street.

Her husband fooled her
... for her own good!

until you can discuss it with Mr. Stillman.

"Impossible," he said. "Mr. Stillman will approve this entirely. My loyalty to the City Bank is as great as my loyalty for the firm of J. P. Morgan & Co."

"This step with the Bank of Commerce is one not easily retraced. It is much simpler to wait until Mr. Stillman has had the coffee for Mary. Kaffee-Hag."

"You should trust me, to do what is right," said Mr. Morgan. "I would cut off my right hand before I would injure you or Mr. Stillman. You can count on that absolutely. But there are endless complications that make it quite unwieldy to wait."

"I regret," I said, "that I was not given more notice of the intention. The Bank of Commerce stands squarely face to face with us in competition. If Morgan & Co. get behind the Bank of Commerce, your pride will be staked on making the Bank of Commerce bigger and bigger."

The Elder Morgan as an Ally

I repeated what his son had said to me—that I ought not to feel concerned about the Bank of Commerce becoming larger than the City Bank. I told him, as pleasantly as I could with the force I felt the situation called for, that its position as the biggest bank was of utmost importance to the City Bank. My cables to Mr. Stillman must have alarmed him, because I found it necessary to assure him with further cables messages that the interviews I had had, while firm, were entirely pleasant. I told him, further, that it was a possible thing for Morgan & Co. to put the Bank of Commerce ahead of the City Bank in deposits any time they chose; they could do it with the deposits of trust companies they controlled and with railroad accounts. The matter dragged along, without serious developments, until there were only forty-eight hours left of the old year, but what I learned then made me feel that 1911 would be anything but a Happy New Year for me unless I went speedily into action. The new plan was a proposal by Mr. Jack Morgan and Henry Davison. Their suggestion was that a plan be formed to purchase the Equitable Life Assurance Society's holdings of the Bank of Commerce stock. President Sayder was to resign from the Commerce and the bank was to be merged with the Chase Bank into an institution that beyond question would overshadow the City Bank. I began to swell with something very much like rage. We were to be included in the pool, along with Morgan & Co., the First National Bank, and Kuhn, Loeb & Co. Why Kuhn, Loeb & Co.? They were too strong and sure, in his ego, a lying, royal royalty. There were royal prerogatives, and he knew how to exercise them. I do not mean to suggest that I felt this personally; it simply happened that when he found that something in which he had acquired was displeasing to friends, he changed his mind, and did it heartily.

It was left to Davison, Jack Morgan and myself to work out the details. In my letter reporting these happenings to Mr. Stillman I said, with complete absence: "Conditions were never more harmonious than they are at this juncture. I cannot imagine any arrangement more to the liking of Morgan's and the First National." In the end the merger did not occur at all, and I became a member of the directors of the Bank of Commerce, and of its executive committee.
On hot days, after a train ride from the city, from the Scarborough station I would walk invariably, up the steep hill—not a short climb—to the lower fringe of the wide lawn. After further hill climbing, I was met in front of the house, beneath a tree as big as Charter Oak. I would be met by a man who used to be a London omnibus driver. For sixteen years after 1910 Saunders was our butler, and something more; to the children he was “Saundie,” the to-be-wheedled keeper of the latchkey. When he met me on those days he would have for me, in a tall and frosty glass, a fluid white and crinkly as lamb’s wool. He called it “Ramos Fizz,” and he would assure me that for taking the curse off a stuffy day it was the finest drink that could be concocted. The juice of half a lime, in his lungs all the air he wished to breathe. Then, probably through some sub rosa association, he had concocted. The juice of half a lime, mixed with chopped-up sarsaparilla, he called it a “chase of some old paintings, and he would assure me one time that when he looked at his own paintings, in spite of anything he might do, he would discover himself in the uncomfortable process of calculating the continuing cost of him; he could see in plain figures on the back of each canvas the annual interest figured up on the cost of the picture. Of course he smiled when he said that, but I am quite sure it was not entirely a whimsical invention.

Earthquake in Eldorado

We had in Mr. Stillman a most sensitive guest. Our car and chauffeur were at the disposal of Mr. Stillman. For a month one time our chauffeur knew what it feels like to grow rich; he explained. But what shocked the servants for miles around, as the gossip traveled in part of the world, was the fact that Mr. Stillman then tucked the recovered bill back into the Stillman trousers.

Once I had Mr. Stillman and William Rockefeller come to Beechwood for luncheon on a Sunday, so that they could meet my highly entertaining houseguest, Dr. Woodrow Wilson, of Princeton. The conversation was guided by me into a discussion of national affairs, because I was proud of my friend Wilson. I did not get a reaction from William Rockefeller, but Mr. Stillman, by what he heard, was profoundly disturbed. He held me by the sleeve as he said, close to my ear, “He is not a great man.”

Woodrow Wilson as I Knew Him

During the long acquaintance that began in 1909, Wilson and I had many fine, stimulating talks. In our conversations he never challenged my viewpoint on the ground that I was a banker; on the contrary, I had the feeling he was quite willing to learn from me about the banking and currency problems. There were practical matters involved which could be solved only by banking minds. However, Mr. Wilson ceased to be a trustee of the Carnegie Foundation, then he left Princeton to become governor of New Jersey, and so we saw less of each other; as he moved to the front in politics we had no more contacts that I recall.

Once after he had been nominated for the presidency, he was on the same train as I was coming north from Florida. George Harvey came back to my private car, which was at the rear end of the train. “I want to bring Wilson back here, so you can talk over banking legislation,” said Harvey, vibrating with enthusiasm. “All right,” I said, “I’ll be glad to.” Harvey left my car and went forward; he never came back.

During the 1912 campaign, William Gibbs McAdoo came to me a number of times to discuss one thing or another on behalf of Mr. Wilson. Chilledly, as I recall it, what was wanted was advice on banking and currency statements to be made by Mr. Wilson from the platform. These conversations had a sub rosa quality that, in view of my previous relations with Mr. Wilson, annoyed me. I told Mr. McAdoo I was unwilling to talk to Mr. Wilson through the kitchen door.

Very soon afterward I got a warm invitation from Mr. Wilson, which he exclaimed at Mr. McAdoo’s house in Hastings-on-Hudson, not far from Scarborough. We had a long talk together, alone and quite in the warm tone of our old friendship. He gave me renewed assurances of his splendid feeling for me and told me of his belief in my understanding of the currency problem and kindred matters.

“But you don’t understand politics,” he said. “It does not make any difference what I think ought to be done; I’ve first got to be elected in order to do these things.”

He repeatedly assured me of the confidence he had in me, but I have believed since that he was just smoothing my hair with one hand and keeping me at arm’s length with the other. Now, I myself did not feel that it was a crime to be the president of the National City Bank, but Mr. Wilson seemed to feel that it would be a political crime if he were caught talking with me. I don’t like that; it seems to me to reflect a significant weakness in our type of civilization that the specialist—whether biologist or banker—is so often, because of mass prejudice, shut...
tune in this great humanitarian-counselor.

Mr. Wilson, of course, was a man sub-

ject to all the prejudices and swift susci-
tations. When these were aroused, what happened was akin to that which

occurs in the revolution-torn countries to

the Texans of the old-time cavalry raiders who

ride into town. Then there is a great ganging as merchants pull down steel
curtains to cover the fronts of their
shops windowless and reeking of rust.

Looking at the case of Mr. Wilson, the steel curtains were in his

mind.

While Congress was shaping up what

became the Federal Reserve Act, Harry Davison, Ben Strong and I were
called to Washington to offer testimony

regarding the proposed legislation. When we arrived in Washington my
friend Milton Ailes told us the hotels were all full and the whole town

had secured provisions for us at the Army and Navy Club. That seems unimportant, but it turned out to have some significance.

On the staff of the Navy I wrote a note to Mr. Wilson and sent it by, my secr-
tary, Ned Currier, to the White House. President Wilson refused to see us. I

had noted in which he said:

"A conference such as you suggest would be of no advantage to any of us,

or to the ends that Congress is now seeking to serve."

Just why Mr. Wilson felt this way was long a puzzle to me, but later I

learned that it was an illustration of his suspicious turn of mind. He had been

having a great row with Senator O'Gorman. Neither he nor I were aware of

that further than what we had possi-

bly gleaned from newspaper headlines.

We had no interest in it. Senator O'Gorman had been living at the

Army and Navy Club, and when Mr. Wilson received a note from me written

on Army and Navy Club stationery he jumped to the conclusion that we were

in eahouts with Senator O'Gorman. At least, that is what I was later told by

one of his closest advisers.

Editor's Note—This is the seventh of a series of articles by Mr. Vanderlip and Mr. Sparkes. The next will appear in an early issue.

The Prodigal Way to Prosperity

What is true of the cotton industry is true of the nation's industry. Merely
drafting men into jobs may for a little while decrease unemployment, but

then begins the cycle of high prices, low consumption and lower real wages

that ends in unemployment.

But what can we spend our way to prosperity?

The premise here is that the industrial machine is somewhat like a pump that

will continue to work until it is

primed and that a large amount of spending by the Government—even though

the people we depend upon for

employment are paid less than 60 per cent, average weekly earnings increased

2.2 per cent, and average hourly earnings increased 6.9 per cent.

It is evident that a further cut in

hours and a further rise in pay will only further promote unemployment. Taking

the profits away from the owners will not help: they have already been

primed. He that was a whole

whole made 3.4 per cent on its invest-

ment; for the first half of 1934 it made

further increase, for the salient figures of the subsequent months of the year

show a loss of about two and a half

cents on every pound of cotton made into
cloth.

SOME PREMISES OF THE NEW DEAL

(Continued from Page 23)

PAIN

End ease quickly

mascular rheumatic

out of those conferences in which laws

are made dealing with his specialty.

The authors, in their con-

cluding chapter, ask themselves: "Is the

margin of unqualified, pub-

licity in the several branches of

industry expand during the period

1900 to 1939?" And they answer: "To

this day, no American 200 years on from

the field of agriculture, mining (except for
dislocates caused by the war), manufactur-
ing, and electric power utilities is

not interested in the whole argument for national plan-

ning. It is also

out credit to expand business. If the pub-

lic is not going to include itself in the

thing is sound, then the

each business unit demobilized cut it to be as five as a recovery and for

form as form as pig killed or a home

built under.

4. Is it true that the job is to get

men back to work?

On this apparently sound premise, coupled with the dogma of a too-great

productive machine, were

the Blue Eagle campaign, the

movement for shorter hours, the public

works spending and part of the relief

spending.

But is the premise more than half true? Is the real point out men to

work or to put men into a new utilization?

Is it 20 per cent or 30 per cent or

other man ventures. Then we, in turn, venture, and that creates more work.

And so on. The venture may be only a

1 per cent, or 10 per cent or again it may be a great

new industry.

If we spread a given amount of

work among too many men, the work

will not yield enough to support them, while if we raise the price of a fin-

ished product to a point where the

wages and costs amount to the

price of the finished product, will be so high that none will buy, and

there will be no work. Industry can-
not exist to support men; it can only

exist to produce goods and through their production support men. That is a

major tenet.

The Cotton Textile Code gives a concrete example of the false premise

that arbitrarily increasing the number of jobs and raising the wages in an in-

dustry benefits either the public or the

workers in the industry. The code

sought to remedy the many bad condi-
tions that had arisen up in an industry

tradition-hampered industry. It elimi-
nated child labor, shortened hours,

and restricted the hours that business

people are paid to support the wage

rate, 10 per cent. Average hours worked per week decreased 40.9

per cent, average weekly earnings in-

creased 2.2 per cent, and average hourly earnings increased 6.9 per cent.

The reason for this is that there is no date at present. A town is caused by

things getting out of balance, and a depression is another kind of unbal-

enced condition in which great groups

are not able to exchange their

goods and services. A public-works

program which is put through, not be-

cause it is not needed, but in order to employ men, is ineffective for the

same reason that putting men to

work as an end in itself is ineffective.

But, in addition, there is no instance

where great public spending in a de-

pression does not accentuate the dis-

parity between groups and thus ac-

tually postpone the achieving of a