

IS ROOSEVELT A MENACE TO BUSINESS?

Empty Warehouses
and High Prices
Don't Make a Panic

By John G. Shedd
of Marshall Field & Co.

THE real question, to my mind, is not the one proposed by the editor—"Is Roosevelt a Menace to Business?"—but something beyond that: "Are we facing a real panic or merely a passing flurry?" As to our President, I give him credit for entire honesty, sincerity and singleness of purpose. But for a man in his exalted and powerful position his utterances have probably been incautious. So much hangs upon his words that they are not received as would be the statements of any other man; the people are used to reading between the lines of an utterance from the Chief Executive of the nation, of feeling that there is a reserve of meaning behind even temperate statements from such a source. Therefore it is quite likely that President Roosevelt's outspoken words—on the occasion of his recent visit in the South, for example—have had an alarming effect upon the financial public. And it is quite possible they have been taken to indicate a degree of radicalism which he does not really feel.

But the practical questions of the present moment are these: Is the present financial disturbance only a currency flurry or the beginning of a serious panic? And what is the immediate precaution or remedy to be applied? These are the questions which ought to be considered in preference to the one proposed to me.

No; I do not believe we are facing a serious panic. As I see it, the country is suffering temporary penance for overspeculation—particularly for overspeculation in Wall Street. Why do I believe we are not confronting a general panic? Naturally I look at it from the merchant's viewpoint. I have never observed anything like a panic of more than local scope which did not present this condition: the warehouses of manufacturers filled with goods which had to be put on the market and sold at sagging prices in order to enable the manufacturers to meet pressing obligations. Not only have I never observed a real panic which did not start with this situation, but I have never read of one.

Now, what are the conditions in the manufacturing world to-day? There is scarcely an exception to the statement that there is not a warehouse of a manufacturer or of his selling agent or distributor which is stocked with unsold goods. Most of the factories from which the wholesale merchant of the great city buys his wares are sold out of all they can produce for several months to come. My observation is that the most of the large factories have already sold their entire winter output and some of them are sold out far beyond that date. This is not the setting for a panic scene. It is exactly the reverse.

In this country the farmer is the great actual producer, and it is to him that the merchant instinctively looks when he wishes to get a line on the real situation. How about the farmer to-day? He has abundant crops which are in keen demand for the feeding of the world—and in demand at exceptionally high prices. There is hardly a single locality of which this is not true. It must be remembered that the export trade of the United States, in almost every line of staple produce, has increased tremendously within the past few years. And whatever we sell to other nations brings what we most need at the present moment—money, gold.

There is still another vital fact in the farmer's situation. He is not in debt and trying to "dig out"; on the contrary, it is not too much to say that, as a class, the farmers of to-day are not only out of debt but have money in the banks and out at interest. Again I say, that is not the setting for a panic; I have never seen a panic which had this sort of a basis. And I do not believe there ever has been one or will be one now.



PHOTO BY WILLIAM H. RAY

He is Doing Precisely the Same Thing that the Noisy Sandlots Orator Does

In speaking of the farmer there is only one word to say: he is the basis of the structure to-day, and if he pursues a normal course the currency flurry will soon be smoked out. He has the real tangible and basic wealth; the world at large wants it and stands ready to pay good prices for it. If the farmer takes his profits and does the natural and normal thing with them—puts them in his local bank, just as he has been doing right along—then he and the merchant and the railroad and the city banker will be all right. But if the farmers of the whole country should allow themselves to become frightened and withhold their money from deposit and from circulation they can make trouble. The responsibility of the outcome, not of the origin, of the situation seems to me to be clearly in their hands. And I believe that they are big, broad and farsighted enough to recognize this and act accordingly.

Dishonest Financiers, Not Roosevelt, Responsible

By John Wanamaker, Philadelphia

THINGS are quieting down, the worst of the business depression is passing, the tide has actually turned, and confidence and prosperity will come along gradually.

For the widespread lack of financial confidence from which the country has been suffering I do not hold President Roosevelt to be in any degree responsible. It is the result of conditions which he has indeed helped to make known, but of which he has not been in any degree the cause. As he himself has admirably expressed it: If he lights a torch he is not responsible for what the light shows.

The depression first began through the loss of public confidence in financial names which the public had long been taught to revere. First came the great insurance scandals, in which the revelations regarding Alexander, McCall and Hyde shocked and alarmed the public. We are still suffering from that. More recently there have been revelations regarding such things as the Metropolitan Railway management in New York, and the banking methods of the Heinzes, Morse and others.

Lack of confidence and financial retribution have come as a punishment for financial wrong-doing; it is precisely the kind of punishment which follows a cashier's breach of trust. It is not surprising that a lack of confidence which ought to affect only those institutions which have justly forfeited trust should have extended to other great corporations and banks.

Meanwhile, the keeping of money out of the banks by people who aim at saving their principal, even at the expense of interest, has caused distinct increase of the troubled financial situation.

But it is all coming out satisfactorily. The country is so prosperous, manufacturers and workingmen are alike so busy, that there can be no cause for continued depression.

As soon as the people feel that dishonesty has been thoroughly discounted and exposed, and that, after such a lesson as we have been having, the financial world will understand that honesty is the best policy, there will be a complete return of normal conditions.

Not a Man of Affairs and a Bad Misfit

By Clinton B. Evans
Editor of The Economist,
Chicago

PRESIDENT ROOSEVELT is a menace to the business of the country because of the fear of what he will say next. Nothing that he has actually done (except as saying is doing) has hurt the country, but a constant outpouring of threats from the ruler of any nation must necessarily cause disturbance in the best times. It is more than proper for a President of the United States to avow principles of honor

and to declare that dishonesty shall be punished; but a constant iteration of such avowals is not only unnecessary, but suggestive of purposes that are not made known.

Mr. Roosevelt's course probably cannot be attributed to political motives, but he is doing precisely the same thing that the noisy sandlots orator does when he attacks anybody that has accomplished anything in a business way. Mr. Roosevelt has his eyes directed to only one element in business affairs, and is apparently unable to see anything else. He ferociously demands that dishonesty shall be eliminated from business. So far, so good; but if his methods were fully operative he would kill the patient while expelling the poison. In the ordinary sense of the term he cannot be called a narrow man, but in this one respect he is pitifully narrow. In the management of any great affair the diplomatic quality is as essential as the purpose to do the right thing; otherwise the purpose fails of accomplishment. The punishment of a few thieves need not be accompanied by the ruin of a million people and the destruction of the whole economic fabric.

Not that the President is alone responsible for the recent crisis. The responsibility rests on many people. But he has a large share in it, and the word of assurance and helpfulness that should naturally be expected from such a fatherly ruler in the height of the agony was not uttered. Mr. Roosevelt may be a statesman, but clearly he is not a man of affairs; and, lacking the qualities of the man of affairs, he is found to be a bad misfit in certain emergencies. In respect to business he is like a diplomat who, in handling a delicate matter with a foreign nation, should proceed to lecture that nation on the necessity of being decent. Nor is there reason to expect any change in the policy that has been so fiercely outlined.

Mr. Roosevelt is a man of strong convictions and great tenacity of purpose. He lacks the breadth of a Lincoln and the amenability to reason of a McKinley. He has to a considerable extent justified the fears of many that his Administration would be characterized by a series of blunders such as any headstrong man might commit. Yes, he is a menace to the business of the country. If he is better than the rest of us maybe he is too good for his time, or perhaps one might say too exacting. But his zeal is a zeal too little tempered with wisdom.

He Has Strained Public Confidence to the Breaking Point

By E. D. Hulbert
Vice-President Merchants' Loan and Trust Company, Chicago

PRESIDENT ROOSEVELT, in a great speech delivered in Chicago some years ago, quoted an old Dutch proverb—"Speak softly, but carry a big stick." This seems a good proverb, taken as a whole, but to use the butt end of it only may be questionable. He who carries a big

stick should in common decency speak softly. The policeman on the beat carries a big stick and he has the power of the whole community back of him; therefore he must speak softly and go about his business quietly so that honest folks can work or rest in peace. The pursuit and punishment of malefactors should not be made a public spectacle. It is no longer considered conducive to public morals to have criminals hanged or pilloried in public places, no matter how amusing it may be to the populace.

For some time past the President of the United States has been hunting for evildoers in high places in a way never before attempted by a chief magistrate anywhere. It would seem almost as though the principle has been that it is better for any number of innocent people to suffer than for one guilty man to escape. When complaint was made that this action and the threats accompanying it were doing harm to legitimate business, it was really no answer to say that corporations that were obeying the law had nothing to fear. That may be true so far as the responsible heads of these corporations are concerned, but the widely-scattered small stockholders have no means of knowing whether the responsible heads are obeying the laws or not, and here it was that to a great extent the harm began.

For some years past the well-to-do middle class has been investing heavily in corporate securities. The amount of money thus invested in the past four years is probably as great as the total amount of savings deposits in the country. Naturally these people became timid about their investments and tried to get their money back by selling their securities. It was about the same thing as a run on a savings-bank, and the result has been the heaviest drop in the stock market during the past year that has ever been recorded. Good and bad have suffered alike—this at a time when earnings were at the highest point and prosperity at its highest tide. One calamity has followed another until at the present moment, when the need of added railroad facilities has never been so great, railroad building and improvement have come practically to a standstill. At a time when it is imperatively necessary that currency should be actively employed in moving the crops, it is being locked in the banks, and crop-moving is coming almost to a standstill. We are under a blight which will affect every man, woman and child.

It would, of course, be ridiculous and unfair to blame the President in any way for the failure of rotten or ill-managed banks; but the failure of a few banks in New York, with almost a purely local business, would have had no such general disastrous consequences if the public confidence had not been strained to the point where it needed only some such occurrence as this to break it. Any one who believes that the policies and acts of the present Administration had nothing to do with bringing about this condition of affairs must be afflicted with that extreme blindness which comes only to those who will not see. The

man who sets fire to his neighbor's barn can hardly justify himself by saying he did it to kill the rats. The rat is a pretty smart and active fellow, and it may be found, when it is all over, that he has suffered less than anybody.

An Antiseptic President

By T. A. McIntyre

CONFIDENCE is the heart of the business body. Stability is the fundamental quantity of all calculations of commerce. Any disturbance of confidence or sudden change in the basis of trade causes cessation of activity

There can be no doubt that prosperity bred many evils, as it always does. There were conspicuous examples of wrongdoing in the conduct of great corporations and notable instances of "malefactors of great wealth," although the President has never identified those he had in mind, and there are many opinions as to the qualifications necessary to gain this distinction. But the means of correcting these evils were at hand in the law, and had been effectively used by his predecessors in office for many decades. Rebating has been punished by a law long on the statute-books, and this is the only conviction gained in the warfare waged by all the mighty hordes of commissions, personal agents and peripatetic attorneys now working under the personal direction of the President.

The restless and vigorous initiative of the Executive forced commissions to activity, and the well-trained staff of personal promoters of publicity and educators of the public blew the horns for the onslaught on the long list of lawbreakers. The purification process was to be drastic and rapid beyond parallel. What in past experience had taken years to accomplish by force of law and aroused public conscience was to be done within the term of office of the great antiseptic President. The public had withstood the insurance investigations, numerous revelations of business turpitude, readily accepted railway rate legislation as salutary both for the railways and the people, commended packing-house reform, and was willing to accept advice on the real duty of man in the propagation of his kind. But as one after another of the great corporations was assailed, and in the case of the Standard Oil Company by masked batteries of district attorneys, commissioners of corporations, courts and public speakers, all acting with singular unison as if by prearrangement, business took alarm. It was a question in the public mind to what lengths these attacks would go, and whether any business enterprise successful enough to attract attention would be immune.

The effect abroad was extremely unfavorable. Foreign bankers refused to extend their commitments here. The economic situation was by no means sound after a long period of great prosperity with high prices obtaining for commodities as well as securities. It did not take much of a strain on credit to reveal the weakness of the whole situation.

The President is not a business man. He refused to heed repeated warnings of those competent to advise and alarm,

of the conservative press. On one of the most critical days of the banking crisis he reiterated his determination to continue his fight against corporate evils. He suffers from overconfidence in the omniscience of protracted palm-bearing. He has gone about a vast work with an axe when a scalpel was needed. Impetuously he has sought to do what no man could do within the Presidential term. Orderly enforcement of the law is one thing; raid by the

(Concluded on Page 39)

The Song of the Dinner-Bell

By J. W. FOLEY

As long as they fry spring chicken,
As long as young squabs are born,
As long as my pulses quicken
At platters of fresh green corn,
Sing me no mournful numbers,
Chant me no solemn song;
As long as we've sliced cucumbers
I guess I can get along.

As long as we've baked potatoes
That fluff out like flakes of snow,
As long as we've sliced tomatoes,
As long as young turkeys grow,
Bring me no pale and pallid
Refrain from a funeral song;
As long as we've sweetbread salad
I guess I can get along.

Bid not mine eyes be moist or
Red from expected woes
As long as they leave an oyster,
As long as a lobster grows,
How can the times be tearful,
How can the world be sad,
How can we not be cheerful
As long as they plank roe-shad?

As long as the tall, hot biscuit
Is dripping with honey sweet,
You may hate the world—I'll risk it
As long as we've things to eat.
No praises that I might utter,
No splendors my fancy spreads,
Compare with the yellow butter
Spread thick on fresh home-made bread.

What is the sense of spoiling
Life, with its bill-of-fare?
As long as we've mushrooms broiling
Where is the room for care?
Why should our troubles fret us,
Why should our hopes e'er fade,
As long as we've crisp head-lettuce,
With mayonnaise overlaid?

Peace to thy sighing, brother;
See that thy tears are dried.
Get thee a steak, and smother
It with some onions, fried.
Turkey with oyster dressing,
Beef with its gravy brown.
Life? It is one grand blessing—
Dinner is served—sit down!



and, in extreme cases, paralysis of business. It was not to be wondered at that, with the bludgeon of the President assailing conspicuous success in so many lines of business adventure, capital should take fright and lock its vaults. In spite of Presidential disregard of Wall Street, the popular symbol of money power, and his exaltation of the farmer with mild approbation of "legitimate business," there is a very intimate connection between them all in the intricacies of modern commerce.

Great American Fortunes and the Making of Them

Street Railway Financiers

The enormous wealth accumulated by the group of men in the street railway systems of New York, Chicago and other cities, representing a capitalization of \$1,000,000,000, is the subject of a series of articles by Burton J. Hendrick of the staff of McClure's. The first of these articles appeared in the November number, describing the operations in New York City of the syndicate headed by Thomas F. Ryan, controlling the Metropolitan Street Railway and its allied lines. The story of how these men obtained possession of the greatest transit monopoly in the world and the uses they have made of it involves many dramatic instances and contains notable character studies of some of the foremost business men of the last twenty-five years.

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50 East 23d Street, New York

Is Roosevelt a Menace to Business?

(Concluded from Page 7)

legal legions of the Government is quite another. He has harangued and threatened, and he has gained a place with Andrew Jackson—on whose tomb he lately placed a wreath—as a breeder of panics. And yet, gaining this distinction, the things he set out to accomplish were things greatly to be desired. There can be no doubt as to the necessity for reform in the conduct of many of our great enterprises and the ultimate benefit to the people of these reforms. But the means the President took, the haste, the harangue, the clashing of cymbals and the smashing of war drums, have brought us, sooner than it might have been, face to face with one of the most serious situations in the history of American finance. What economic laws would doubtless have caused, operating relentlessly in their own way, has been precipitated by the unbridled, misapplied and excessive vigor of the Chief Executive of the nation.

A Constructive Force

By Henry Clews

I DO not believe that Theodore Roosevelt is a menace to American business. On the contrary, I think that it will ultimately prove that he has been a constructive and cleansing force. There is not an intelligent or fair-minded man in the whole United States who sincerely questions the honesty of Mr. Roosevelt's motives. In fact, I would go so far as to say that the name of Roosevelt is synonymous with honesty.

In the firm attitude that the President has taken toward capital and corporate power I maintain that he has had no other purpose than to protect the rights of all the people, and that his organized investigation, as some have seen fit to call it, has been directed entirely at the unsound, the unstable and the dark places.

The country is paying what might be called the penalty of excessive prosperity. President Roosevelt, I think, has done much to enable the country to withstand this periodical reaction, because under him the country has grown and waxed fat.

To those detractors of the President's policies I should like to say that when he took the oath of office it was to uphold the Constitution. What he has done in all his legislative and executive acts has been to maintain the integrity of the Constitution. He has had the law and he has had the right on his side; in fact, he has only attacked dishonesty and lawbreaking.

Yet, while I fully approve of what he has done in the way of reform, I must confess that I do not entirely approve of his constantly-repeated passionate utterances on the subject during the recent season of great apprehension and anxiety in financial circles.

That President Roosevelt should be blamed in any way for the banking troubles, business failures and losses that have been made in the stock market is absolutely unfair. But it is always the case that the Executive in office bears the brunt of the disasters that overwhelm the country during his Administration.

I can well remember the calumny and the abuse which were heaped upon the devoted head of Abraham Lincoln. This denunciation did not for one moment cause him to desist in the great work that he had undertaken. To-day those who traduced him honor his memory. History will repeat itself, and the men who to-day are denouncing the President as a destroyer of confidence, as an annihilator of capital, will some day come to the realization that he is doing a great work.

The real cause of the present discontent and unrest in finance and in business lies, to a large extent, among the men who have committed the wrongdoing, who have abused corporate power, and who, when confronted with the revelations of their own misdeeds, have sought to put the blame on the President.

In view, therefore, of President Roosevelt's firm stand for the rights of the people against the corporate breakers of the law, we can forgive his excess of earnestness and his denunciation, which may have been ill-timed on some occasions. I believe in the end it will be proven that Mr. Roosevelt has aided, rather than retarded, a square deal in business operations.



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