

# How The Banks Filled Hanna's War Chest In 1896

They Were Assessed One-Fourth of One Per Cent on Combined Capital and Surplus And Two "Hurry-Up" Calls Made Upon Them During That Memorable Campaign

Speaking of "muck-rakes," James W. Breen operated one very effectively when, in an article published in the New York Herald, Sunday, April 15, he told how the banks filled Mr. Hanna's war chest during the campaign of 1896. Mr. Breen tells the story of how bank directors voted to the republican party funds intrusted to their care. One-fourth of one per cent on combined capital and surplus was levied against the banks of the country, and two calls were made.

Mr. Breen makes it clear that these assessments and contributions were known to bank examiners under the control of the comptroller of the currency, and were suppressed. He adds: "It is doubtful if any bank examiner was simple enough to imagine that payments of this kind were lawful."

Mr. Breen points out, also, that Senator Knox of Pennsylvania, who is one of the sub-committee of the committee on privileges and elections charged with the preparation of a bill to prevent improper campaign contributions, was in 1896 a director of one of the Pittsburg banks which contributed; that Senator Knox must have known of these contributions.

Mr. Breen says that the following circular was in 1896 sent to Pittsburg bankers:

Pittsburg, Sept. 2, 1896. To the Board of Directors of the City Deposit Bank. Dear Sirs:—The undersigned have been appointed a committee to solicit from the banks funds in aid of the campaign for the republican national committee. The banks of New York and some other places have been contributing on the basis of one-quarter of 1 per cent of their combined capital and surplus, and the national committee requests us to ask the Pittsburg banks to do the same.

We only started yesterday afternoon, and so far have found all the banks we have approached willing to contribute on this basis. So far we have received the following subscriptions:

Farmers' Deposit National bank.....	\$5,000
People's National bank.....	5,000
National Bank of Commerce.....	2,000
T. Mellon & Sons.....	2,750
Bank of Pittsburg.....	2,500
National Bank of Western Penn.....	1,200
Union Trust company.....	750

We are informed that the Second National bank will give \$5,000, and that in the other banks we have visited the matter is to be brought before the boards and formally recommended, so that we anticipate favorable action by all. The campaign managers are looking over a much larger area of country than is usual in a national campaign and it is taking a great deal of money. The question is a vital one to all financial institutions, and therefore is declared a proper and

legitimate matter for contributions on the part of the banks.

The subscriptions here are payable to James S. McKean, chairman of the auxiliary finance committee, and by that committee will be turned over to the national treasurer, Cornelius N. Bliss, who will receipt to the contributors. On the basis of what the other banks are doing the City Deposit bank is asked to subscribe one-quarter of 1 per cent of its capital and surplus, which would be somewhere in the neighborhood of \$450. Trusting this matter will have your favorable consideration, we remain respectfully,

T. H. GIVEN,  
F. P. DAY,  
A. W. MELLON,  
Committee.

Mr. Breen says that he obtained a copy of this circular on September 3, 1896. He made a copy of it, and showed it to Albert J. Barr, president of the Pittsburg Post company, and that several typewritten copies of the circular were made in the Pittsburg Post office. He asked the Post, which was presumably supporting the democratic ticket, to make the circular public, but Albert J. Barr said that if it was published it would "rock the boat." Mr. Breen replied: "Why shouldn't it be rocked?" and Mr. Barr said that he would have to take the matter under advisement and consult with others. Mr. Breen says: "Meanwhile Col. Guffey, who was the democratic national committeeman from Pennsylvania, had been informed of the affair and, although not slow to realize its bearing upon the McKinley campaign, he advanced various 'business' reasons why it would be inadvisable for a democratic newspaper in Pittsburg to print this evidence."

Mr. Breen further says that when he subsequently called upon Mr. Barr of the Post, that gentleman thanked Mr. Breen for his kind offer but informed him that he had "very reluctantly concluded not to take the risk of publishing this letter."

Following are some extracts from Mr. Breen's article:

"It is no secret in political circles that the national bank assessment of September 2, referred to in the letter quoted above, was only the first installment of the various levies made upon the national banks of the country during that heated campaign. A month or more later Hanna descended on Wall street, the alarm was again sounded, and a tremendous fund was raised for the specific purpose of insuring the success of McKinley electors in the doubtful states, especially New York and Indiana. As the circular letter itself plainly indicates, the September collection was general throughout all the large commercial cities of the north, and the toll exacted by the call issued later in the campaign is reported to have been equally large.

Confining the discussion, however, to the tangible evidence actually in hand, it is seen that eight Pittsburg banks paid an average of \$3,118 each to the national republican campaign committee in response to one call in a single campaign. There are now 128 banks doing business through the Pittsburg Clearing House. In 1893 there were seventy. Maintaining this average of \$3,118 for each of the seventy banks doing business in Pittsburg in 1896, it is seen that from that city alone the committee would have realized the tidy sum of \$218,260, as a result of its first call for aid. A contribution of one-fourth of 1 per cent of their capital and surplus by the banks of the United States would produce an enormous sum. In September, 1896, the national banks had a capital of \$658,126,915. The surplus would bring the total up to at least \$1,000,000,000. One-fourth of one per cent of the amount would be \$2,500,000. It is not to be assumed that all the national banks contributed, but it is reasonably certain that most of those in the larger cities did so—representing probably four-fifths of the combined capital and surplus. The state banks and trust companies undoubtedly helped the work along. I have not at hand statistics as to the capital and surplus of these institutions, but it seems safe to assert that the banks furnished more than \$2,000,000 to Mr. Hanna's war chest on the first call. It will not be forgotten that late in October Mr. Hanna called on the financial powers for a second contribution—to make the doubtful states secure. If the call brought half as much, or even one-fourth, as the first one the enormous proportions of the McKinley campaign fund may be estimated when it is remembered that practically all the large industrial and railroad corporations were pouring gold into the treasury of the republican campaign committee. The estimate, so far as Pittsburg is concerned, would have to be reduced by eliminating the contribution of one bank. Among the directors of the bank in question was a well known citizen of Pittsburg, who, when he heard of the proposed contribution, or assessment, promptly objected. The directors decided to go ahead, notwithstanding his opposition. He engaged a lawyer and had papers prepared to procure an injunction. The directors then capitulated and no contribution was made by that bank. It will be noted in the circular of the banks given above that it is stated that the committee will turn the funds over to the national treasurer, the Honorable Cornelius N. Bliss, who will receipt to the contributors. In other words, each institution paying money into the fund was given an individual receipt from Mr. Bliss, who, consequently, has, or at least had, knowledge of the identity of each separate contributor and the amount turned over by such contributor to the general fund. Consequently, if any senate or other committee wishes information as to campaign contributions, the means of obtaining such information are at hand."

## INDIVIDUALISM VS. SOCIALISM

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benevolence and devote his means to the causes that appeal to him has given an added stimulus to his endeavors; would this stimulus be as great under socialism?

Probably the nearest approach that we have to the socialistic state today is to be found in the civil service. If the civil service develops more unselfishness and more altruistic devotion to the general welfare than private employment does, the fact is yet to be discovered. This is not offered as a criticism of civil service in so far as civil service may require examinations to ascertain fitness for office, but it is simply a reference to a well known fact, viz., that a life position in the government service, which separates one from the lot of the average producer of wealth, has given no extraordinary stimulus to higher development.

It is not necessary to excuse or to defend a competition carried to a point where it creates a

submerged fifth or even a submerged tenth to recognize the beneficial effect of struggle and discipline upon the men and women who have earned the highest places in industry, society and government.

There should be no unfriendliness between the honest individualist and the honest socialist; both seek that which they believe to be best for society. The socialist, by pointing out the abuses of individualism, will assist in their correction. At present, private monopoly is putting upon individualism an undeserved odium and it behooves the individualist to address himself energetically to this problem in order that the advantages of competition may be restored to industry. And the duty of immediate action is made more imperative by the fact that the socialist is inclined to support the monopoly, in the belief that it will be easier to induce the government to take over an industry after it has passed into the hands of a few men. The trust magnates and the socialists unite in declaring monopoly to be an economic development, the former hoping to retain the fruits of monopoly in private hands,

the latter expecting the ultimate appropriation of the benefits of monopoly by the government. The individualist, on the contrary, contends that the consolidation of industries ceases to be an economic advantage when competition is eliminated, and he believes, further, that no economic advantage which could come from the monopolization of all the industries in the hands of the government could compensate for the stifling of individual initiative and independence. And the individualists who thus believe stand for a morality and for a system of ethics which they are willing to measure against the ethics and morality of socialism.

The Philadelphia Ledger recently celebrated its seventieth anniversary. It observed the event by reproducing a fac simile of the first issue, and in it appeared the following familiar paragraph: "Congress seems determined to fritter away its time instead of rendering it profitable to the nation." The old sage who remarked that "history repeats itself" had a head so long he was forced to go outdoors to turn around.