

# THE MONEY TRUST

Part of the Remarks of Mr. Henry Before the Democratic Caucus of House Members

It is not possible for congress to intelligently determine the vital economic questions of currency legislation, the trusts and interstate commerce corporations until it understands the methods of the insidious and almost supreme money power. No effective investigation can be made into the ramifications of the one without an examination of the other, so intimately inter-related and linked together are the three great problems.

Nor can a cumbersome committee of twenty odd members efficiently do the work. It will require a small and compact body of not exceeding seven men to make a wise, sane, painstaking and exhaustive inquiry. To break the resolution into five fragments and refer it to five separate committees would be sending it to an aggregate of ninety-eight members to try to do this work at a cost of \$200,000, whereas a select committee can take every phase of the resolution and make a genuine investigation at a cost of \$50,000, and save the government \$150,000, thus preventing the perpetration of a sham investigation on the country.

It is not my purpose here to recount how, during the last five years the money power has become concentrated in New York City but I will state it as a fact that more than seventy-five per cent of our financial resources, industrial and railroad corporations, is now dominated and controlled by not more than four small groups of financiers. This financial oligarchy now has within its grasp the resources, deposits and funds with the power to paralyze competition and destroy competitors. They now have at their feet in merciless subjection more than seventy-five per cent of the vast army of banks and bankers throughout the country. They are combined and acting in strict accord with the railroads and industrial trusts by throwing their protecting arms around them with the avowed purpose of assassinating in business all their competitors. There is no great railway system of the country that is not in combination with them and under their protecting wing, and in identically the same way the rapacious trusts are sheltered by them.

To illustrate how successfully they have concentrated the money and resources of the country in their hands, I quote from the recent statement of Mr. Samuel Untermyer, a public-spirited attorney of New York City. He said:

"The protecting wing of these banking houses is a thing that has got to be considered by congress in legislating in respect to the trusts. \* \* \* It is because of what seems to me to be the gravity of the situation that as a decent citizen I feel that we ought to know where we are drifting, so that when we come to meet these questions of currency legislation and the question of the trusts, congress will have the data on which to act. You see how these things interlock with one another. These two or three great issuing houses in New York, having taken under their wings the great railroad and industrial corporations of the country and acting as their bankers and sponsors and protectors, naturally are entitled to conduct the finances of those companies and to direct them, and that means that this vast sum of money of all these corporations is under their control; whether they are on the boards of these corporations makes no difference. \* \* \* They have all this money, the railroad money, the money of these trusts, the money of the Steel corporation. The Steel corporation has an average daily balance of \$75,000,000. The number of other trusts runs the average daily balance up to hundreds of millions of dollars. \* \* \* But now this money has drifted to New York and you see institutions there now with balances of from \$150,000,000 to \$200,000,000—daily balances—when 15 years ago, I believe, the biggest bank or trust company in New York did not have \$15,000,000. I think perhaps \$20,000,000 was the largest at the outside. I think the Chemical National bank has the largest bank balance. It is a mere pigmy now, these things have mounted up with such rapidity."

We should have light as to how these things have been accomplished and individual cases uncovered that would illustrate the system and point the way to sane and wholesome remedial legislation.

It is also certain that these same financial interests of New York have a close community of interest with the bankers of the money centers of Europe and act together in protecting one another and destroying competition. In view of these alarming financial conditions, I charge and state that it can be established by indisputable evidence:

First—That the aforesaid groups of individuals, firms, national banks and moneyed corporations are in agreement and combined together with fixed purpose, and are now manag-

ing the financial affairs of practically all the interstate railroad and seventy-five per cent or more of the industrial corporations, joined together as trusts, and are using as they see proper the bankable funds of such interstate and industrial corporations. They require these funds to be deposited in New York and to be placed at their disposal.

Second—I charge, and it can be established upon proper inquiry by a committee with ample power, that the management of the finances of many of the great industrial and railroad corporations of the country engaged in interstate commerce is concentrated in the hands of a few groups of financiers in the city of New York and their associates, and that these groups, by reason of their control over the funds of such corporations and the power to dictate the depositories of such funds, and by other means, have secured domination over many of the leading national banks and other moneyed institutions in the city of New York and in other cities to which they direct such patronage and over the vast deposits of money and of other assets of such institutions, and enabled them and their associates to direct the operations of the latter in the use of the money belonging to their depositors and stockholders and in the purchase and sale of securities and loans of money by such banks and other moneyed institutions, and that these institutions and their funds are being used to further the enterprises and increase the profits of these groups of individuals from such transactions and to augment their power over the finances of the country and to control the money, exchange, security and commodity markets, and prevent competition with the enterprises in which they are interested, to the detriment of interstate commerce and the welfare of the general public.

Third—These same groups of financiers have so entrenched themselves in their control of the aforesaid financial institutions and otherwise in the direction of the finances of the country, that they are enabled thereby to use the funds and property of the great national banks and other moneyed corporations in the leading money centers to control the security and commodity markets, to regulate the interest rates for money, to create, avert, and compose panics at will, to dominate the New York Stock Exchange and the various clearing house associations throughout the country, and through such associations and by reason of their aforesaid control over the railroads, industrial corporations and moneyed institutions, and in other ways resulting therefrom, have wielded and are wielding a power over the business commerce, credits and finances of the country that is despotic and perilous and deadly to the welfare of the entire country. And that their directorates and agencies are so interlocked and inseparably linked with one another that it would be impossible to adequately and fairly investigate the affairs of one without exhaustively probing the affairs of the others. Hence we can not possibly know what paths to travel in regard to currency, trust and interstate commerce legislation till a genuine investigation is had.

Fourth—I charge, and it can be proved, that these national banks and other moneyed corporations, controlled, as above set out, by the moneyed oligarchy of four groups, have been and are engaged in the promotion, underwriting and exploitation of speculative enterprises, many of them dangerous and questionable, wild and visionary, and many in other countries, and in the purchase and sale of securities of such enterprises, and in acquiring stocks of other banks and banking institutions, and in absorbing and crushing competitors by the use of their concentrated corporate funds for such purposes, either alone, or in conjunction, agreement and conspiracy with one another. These financiers in New York have in their hands hundreds of millions of dollars that should be distributed throughout the country where the railroads run and the corporations have their domiciles. These men have in their coffers in New York all this railroad money, the money of the trusts, the money of the Steel corporation, The average daily balance of the Steel corporation amounts to \$75,000,000, and added to that the money of the other trusts and the railroads

runs the amount up into the hundreds of millions of dollars. The country is poorly advised as to the real situation and as to how these things can be and have been done. And we sorely need the blazing light of publicity in order to wisely legislate on the three great problems in hand.

Fifth—These individuals, firms, national banks, and moneyed corporations are interested in and connected with interstate corporations and are constantly conspiring and agreeing with them and are enabled by reason of such connection to prevent and suppress competition in the interest of such interstate corporations and protect the latter from competition, and frequently to crush out competitors by means of questionable and vicious financial warfare. In fact they are in combination with them in such a fashion that they are daily violating the provisions of the anti-trust law if the real facts were known. And only a most rigid probing of a compact congressional committee endowed with plenary power can ever get to the root of those evils.

Sixth—These national banks and other moneyed corporations and institutions are owned, dominated and controlled through their directors, stock ownership, official management, patronage, and in other ways, by the same persons, interests, groups of individuals, and corporations that are also interested in other national banks and moneyed corporations located in the same city and in interstate commerce corporations that are customers and really co-conspirators of said national banks and other moneyed corporations. And the same individuals are officers and directors and are interested in, dominate and control and have heretofore dominated and controlled more than one national bank or other moneyed corporation.

Seventh—I charge, and it can be established by abundant proof, that the funds and credit of national banks and other moneyed corporations are and have been used and employed in other ways than in making current loans to merchants and on commercial paper, and such funds have been and are employed (1) in the purchase of securities from bankers or others interested in or connected with such corporation; (2) in the guaranty and underwriting of securities and syndicate transactions, alone and in conjunction with others; (3) and in loans on notes secured by bonds, stocks, or other collateral; (4) and in loans on and purchases of stocks of other banks and of trust and investment companies and financial and moneyed corporations, and have profited by joint action, understanding and conspiracies to shut out competition.

Eighth—In agreeing and confederating together such national banks and other moneyed corporations, directly and indirectly, and by means of other corporations having substantially the same officers, management, control or stockholders, or with stock paid for by the dividends of a parent or affiliated company, and, alone and with others, have acted as issuing houses in offering securities to the public and to investors by prospectus, advertisement and solicitation; and have and are speculating in stocks and are diverting the funds of the banks from legitimate banking and commercial channels in order to get the railroad and industrial corporations within their protection and destroy competition as far as possible.

Ninth—The management and operations of the New York Stock Exchange and the New York Clearing House association are dominated and controlled by the aforesaid financial groups and national banks in New York City, and the officers of the Clearing House association are mere dummies under their absolute dominion, and can wreck banks and destroy competitors upon their orders.

Tenth—These groups of men have it within their absolute power, in controlling the money in the banks and trust companies, their dominion over corporations and their connection with the Clearing House association, to make and unmake panics, make "bull" and "bear" markets, "easy money" and "tight money," whenever it suits their pleasure. In a financial way, it is not overstating the danger to say that they are almost omnipotent and hold the destiny of the business world within the hollow of their hands. Five years have brought about the control secured by a few banking houses and their allies over the funds of the great corporations, and that this power has been cemented through the interlocking directorates in financial institutions that were naturally competitive; that this control is constantly widening and becoming more direct and pronounced, and the groups

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