

## Rivals of Europe as well as Rivals of the United States

stitutions. This takes no account of the personal fortunes of these gentlemen.

"Closely allied with this group and indeed related to them practically as partners in many of their larger financial enterprises, are the powerful international houses of Lee, Higginson & Co., and Kidder, Peabody & Co., with three affiliated banks in Boston.

"In New York city the international banking house of Messrs. Kuhn, Loeb & Co., with its large foreign clientele and connections, whilst only qualifiedly allied with the inner group, yet through its close relations with the National City bank and the National Bank of Commerce and other financial institutions, with which it was recently allied itself, has many interests in common, conducting large joint account transactions with them, especially in recent years and having what virtually amounts to an understanding not to compete, which is defended as a principle of 'banking ethics.' Together they have, with a few exceptions, pre-empted the banking business of the important railways of the country.

"In Chicago this inner group associates with and makes issues of securities in joint account, or through underwriting participations primarily with the First National bank and the Illinois Trust and Savings bank, and has more or less friendly business relations with the Continental and Commercial National bank, which participates in the underwriting of security issues by the inner group. These are the three largest financial institutions in Chicago, with combined resources of \$561,000,000."

Discussing the control of securities by this so-called money trust the report said:

"Through their power and domination over so many of the largest institutions, which, as buyers, underwriters, distributors or investors, constitute the principal first outlets for security issues, the inner group and its allies have drawn to themselves practically the sole marketing of the issues of the greater railroad, producing and trading and public utility corporations, which, in consequence, have no open market to which to appeal and in this position of vantage fortified by the control exerted by them through voting trusts, representation in directorates, stockholdings, fiscal agencies and other relations, they have been able to turn to direct benefit the deposits and other patronage of such corporations to these same financial institutions, they have been able to turn to direct through which they work."

The report condemned interlocking directorates and consolidations and devoted considerable space to a statement showing the development of control through these agencies in New York institutions.

"It is manifestly improper," said the report, "and repugnant to the theory and practice of competition that the same person or members of the same firm shall undertake to act in such inconsistent capacities."

The report condemns the use of voting trusts in the control of financial institutions, and criticises private bankers in the capacity of depositories for interstate corporations. The recommendations of the committee as set forth in the report and as embraced in the bills accompanying the report urged the following reforms:

"Clearing house associations of which national banks are members should be required to become bodies corporate of the states in which they are located and every solvent and properly managed bank or trust company should have the right, enforceable at law, to become and remain a member.

"Regular periodical examinations of members by a committee of the clearing house association should be prohibited and instead of all such examinations should be conducted by public authorities."

The committee would give the government supervision of clearing house certificates and would prohibit the fixing of rates by clearing houses for the collection of out-of-town checks, discount or interest on deposits.

As to the New York stock exchange the committee recommended that congress "prohibit the transmission by the mails or by telephone from one state to another of orders to buy or sell or quotations or other information concerning transactions on any stock exchange and also prohibit national banks from buying or selling or lending upon the security of stocks or bonds listed in any stock exchange unless such exchange were a body corporate of the state or territory in which it is located.

"Require corporations whose securities it (the stock exchange) lists," the report continues, "to make a complete disclosure of their affairs, in particular any commission paid to promoters,

General Rafael Reyes in the New York Times: Up to a few years ago the immense region of the South American continent which extends from the central mass of the Andes to the Atlantic, and which in its makeup has an extent comparable to that of the ocean between America and Europe, was completely unknown at many points. One of these regions, and one of the largest in extent, is between Columbia and Brazil. Through it run the great Putumayo and Caqueta rivers, both affluents of the Amazon.

From childhood I felt myself attracted by the mystery of the immense forests. I used to cherish plans for exploring them, and of opening across them a communication with the Atlantic, thus giving new channels for commerce and for the glory of my fatherland.

My first exploration was made accompanied only by the savages of those territories. My two brothers, Henry and Nestor, were with me when I made the next explorations. On our travels my two brothers lost their lives; the younger one, Nestor, was devoured by the Putumayo cannibals; Henry perished as a victim of yellow fever.

We started from Pasto, on the summit of the Andes.

We traversed the Cordillera of the Andes, rising more than twelve thousand feet above sea level up to the region of perpetual snow. Where this ceases there are immense plains upon which there grow neither trees nor flowers, and where animal life completely disappears.

After marching for a month through this frigid desert we reached the limits of the solitary pampas. An ocean of light and verdure appeared before us, in marked contrast to the shadows and solitudes which we had just traversed. In the forests the luxurious tropical flora exhibits itself in all its beauty. The trees appeared peopled with birds of all colors.

For fifteen days we marched through these virgin forests, inhabited by vipers and wild beasts, which fortunately did not cause us any harm. We crossed the torrents over bridges of trees which we threw across them on foot. Finally we arrived at the Putumayo river, navigable by canoes, on the shores of which lives the tribe of the Mocoa Indians.

The most disagreeable experience was not the heat, nor the fatigue of roving all day, nor the poor and scanty food, nor the dangers which we incurred among cannibals, but it consisted in the nights which we had to pass on the immense river banks, on burning sands, in which we had to dig a sort of grave to bury ourselves for protection from the mosquitoes. To such an extent do these insects fill the air that, on clapping the hands together there remained between them a solid mass of mosquitoes.

middlemen or bankers, out of any such security interest or the proceeds thereof.

"Require a margin of not less than 20 per cent on all purchases of stock.

"Prohibit as far as possible the execution of simultaneous or substantially simultaneous orders proceeding from the same person or persons to buy and sell the same security for the purpose of creating an appearance of activity therein and any orders, the purpose of which is to inflate or depress the price of any security.

"Prohibit members from pledging securities purchased and carried for a customer for an amount greater than the unpaid fortune of the purchase price, whether with or without the consent of such customer.

"Prohibit members from lending to other members securities carried by the former for customers, whether with or without the customers' consent.

"State in its charter the conditions on which issues of securities shall be admitted or removed from the trading list and provide for a judicial review of its action in this regard.

"Keep books of account showing the actual names and transactions of customers and give access thereto to the postmaster general."

### LOOKING BACKWARD

Soon after the election of 1908, William H. Taft, then president-elect made the following

At last, after crossing the Cordillera and going over the 1,400 miles of the Putumayo river, we arrived at the Amazon river. We had attained the object which induced us to undertake this expedition, which was nothing less than to discover a river navigable for steamers which could afford a means of communication between Columbia and the Amazon.

Although I explored in company with my brothers, Henry and Nestor, the Amazon river and the greater part of its affluents. Thus we discovered some unknown rivers; we established steam navigation in others, we connected by means of overland route the river navigation with the towns on the Andes. In many of the rivers which at that time were unexplored today there are hundreds of steamers carrying industry and civilization to the virgin forests where cannibals wandered formerly. The exploration which is today made possible by these rivers, of rubber alone, which grows wild in the forest, is worth several million dollars yearly.

When my brothers and myself made these explorations the Amazon and some of its great affluents were hardly navigated by even small steamers; other branches of the Amazon were navigated only by canoes, and the Putumayo and Caqueta rivers were almost unknown. The civilized population living in these countries was sparse and even the principal cities contained hardly one thousand inhabitants—many of them but a few hundreds. No important commerce existed, and yellow fever and malaria claimed one out of every ten persons bold enough to penetrate those regions.

Justice impels me to declare that credit for the greatest and most fruitful conquest of modern times is due to the United States—that is to say, the conquest of the tropical regions by means of sanitation. Formerly yellow fever, malaria and other infectious diseases reigned supreme in Panama, Cuba and Porto Rico, but now these places are as healthful as New York, Buenos Aires or Paris. Explorers have opened up tropical regions, but modern methods of sanitation are necessary to make them habitable and useful to mankind.

The Panama canal, the most stupendous work yet accomplished by the human race, will give so great an impulse to civilization in the tropical regions and in the countries known in South America as "A," "B," "C,"—Argentina, Brazil and Chili—that it will not be long before they will all be not only rivals of the United States but rivals of Europe.

In 1915, when the Panama canal will be officially opened, the questions at issue between my fatherland and the United States, I feel sure, will have been settled in a manner creditable to the honor and dignity of the two countries. And at that time the American flag, will float over the canal with pride and satisfaction to yourselves as well as with the heartfelt applause of all the Latin-American nations.

statement through a newspaper reporter: "When I consider all that has come to me I wonder, with trembling, if there is not to be some great misfortune to offset it all. We have our health and our children. My parents are dead, but they lived to an honored and peaceful old age. I have not had any grievous sorrow. Politically, there were the Philippines; it was the turn of a hand whether I should go there. If I hadn't I don't suppose I should be the president-elect at this time. Of course it is sometimes said that opportunity comes to every man and that it is to his credit that he seize it, yet looking back I can not see that I exercised any shrewd discrimination. I can not persuade myself it was my own wisdom that led me into the work. Twice came the offer of a place on the supreme bench. My inclination was to accept, and it was not due to my judgment after all that I did not. I have much for which to be thankful, and I can not help wondering if there is not to be some compensatory sorrow."

Americans of all parties are grateful that no great sorrow came into Mr. Taft's life during his service in the White House. Men who strongly differ with him on political questions like him personally; and there will be one general, genuine American wish that the succeeding years may bring Mr. Taft and those he loves the highest sort of happiness.