WHY HE WANTED HIM

How and Why Pierpont Morgan Hired George W. Perkins at a Quarter Million a Year

In the January, 1903, Cosmopolitan its editor, John Brisben Walker, made a special feature of "Pierpont Morgan, His Advisers and His Organization." Speaking of George W. Perkins, junior partner in the firm of J. P. Morgan & Co., Mr. Walker says:

"In Wall street it is commonly said that Mr. Perkins is the secretary of state of the Morgan cabinet. . . . Mr. Perkins has the advantage of having spent some years of his life in the west. His first great success was as manager of agencies for the New York Life Insurance company. . . . While vice president of the New York Life insurance company, he was brought into contact with Mr. Morgan. My recollection is that it had something to do with a Russian loan which Mr. Perkins financed. Shortly after, a tender was made to Mr. Perkins to come into the firm as partner. A little later the tender again was made. Both of them were on the condition that he should RESIGN the vice presidency of the New York Life Insurance company. Later on, this was WAIVED, and Mr. Perkins is not only the PARTNER of Mr. Morgan but the VICE PRESIDENT of one of the world's three largest insurance companies." (Capitalized words ours.)

Doubtless Mr. Walker believed that Mr. Morgan really wanted to secure the services of Mr. Perkins untrammelled by any connection with other and probably to some extent antagonistic business—which simply goes to show that a great magazine editor may make a mighty poor newspaper reporter.

That Morgan's tenders to Perkins, conditioned on the latter's resigning his vice presidency of the insurance company, were simply horse-play intended to deceive the unthinking multitude, is amply sustained by facts subsequently come to light. The whole negotiations are on a par with the recent telegrams from Rockefeller to certain United States senators. The following, from the Weekly People (N. Y.) ought to convince even a mullet head:

"About December of each year," says a Wall street authority, "the New York Life Insurance company sends a full page 'ad.' around to the capitalist newspapers. The papers are very friendly to the big company for the very excellent reason that it is such a heavy advertiser each year and are prone not to take heed of any 'kick' that may ensue from some minority stockholders who find the affairs of the concern are not being run to the shareholders' interests, etc.

"The following will show that the stockholders are justified in howling at the injustice of one of its officials in foisting upon the company millions of securities, which do not come within the range of first-class collateral. Here are the facts. They speak volumes:

"George W. Perkins, junior partner in the firm of J. P. Morgan & Co., gets $250,000 a year besides a percentage of the net profits of the business. Wall street has never worried as to whether or not Perkins earned his salary, but feels that as Morgan pays it, that is all they are concerned about. Perkins is also chairman of the finance committee of the New York Life Insurance company, and now we are getting down to hard facts. In the advertising matter distributed this year by the New York Life Insurance company there appears a list of its bond investments. In the list of its railroad bonds you will find $11,280,000 worth of Northern Pacific, Great Northern, Chicago, Burlington & Quincy collateral trust 4 per cent bonds. This is its largest single investment. They are Morgan bonds. They were issued by the Northern Pacific and the Great Northern jointly to pay for the Chicago, Burlington & Quincy system, and are secured by the old Chicago, Burlington & Quincy stock held as collateral at a valuation of $200 a share. You will also find $2,322,200 worth of Louisville & Nashville-Southern Railway joint 4 per cents. These, too, are Morgan bonds. They were issued jointly by the Louisville & Nashville and the Southern Railway to pay for the Monon railroad. But that is not all that a careful observer finds. This list of the New York Life's investment is the most interesting reading that Wall street has been furnished with for some time. We find $5,000,000 Coast Line, Louisville & Nashville purchase money syndicate bonds valued at par with no rate per cent given, because up to December, 1902, they had paid no interest. These are the bonds (?) issued by the Purchase Money syndicate that financed the sale of the Louisville & Nashville railroad to the Atlantic Coast Line after John W. Gates and his crowd of plungers, having bought control of the Louisville & Nashville from the Belmont party in the open market, forced J. P. Morgan & Co. to take it off their hands. Besides this one finds $3,200,000 worth of International Mercantile Marine Board syndicate bonds, valued at par and no rate of interest mentioned because the bonds have not yet paid any interest. The International Mercantile Marine is Mr. Morgan's shipping combine, which as yet has no fixed status in the financial world.

"Unless my arithmetic is wrong, the sum of what I find is that during the year 1902 the finance committee of the New York Life Insurance company bought $21,812,200 worth of the newest investments Mr. Morgan had to sell. The fact that George W. Perkins is a partner in Mr. Morgan's business and chairman of the New York Life Insurance company's finance committee may have had nothing to do with these transactions. Some will say that the New York Life would have purchased these bonds anyway on their merits. But not one man in the financial district believes it. They ask if Mr. J. P. Morgan himself believes it. Not to the knowledge of a Wall street broker has a newspaper dared print these facts. They cannot plead ignorance of them. The startling evidence of how Perkins had been earning his salary has been a topic of discussion for weeks in quarters where Wall street men gather after the close of the market. In every office in the stock market world you might find newspaper prints of the New York Life Insurance company's annual statement with blue pencil marks around the 'Morgan investments.'

"The itching of Wall street fingers to get into the funds of the big insurance companies has been notorious for a long, long time, and some fingers have found a way. One of the most startling tendencies of the financial times is the growth of intimate relations between Wall street banking interests and the big underwriting concerns. Several of the big life insurance companies are already running trust companies on the side. The 'Prudential-Fidelity merger case' is still fresh in mind.

"That attempt of a small trust company to swallow a big insurance company was so very bold that the courts stopped it. A great deal of money that people pay as premiums on their insurance policies finds its way directly into Wall street. Here, then, you have Wall street surreptitiously using the 'public's' money to manufacture and put out stocks to be sold to the public. Can this game be beat? asks Wall street."

Historical Building

House Roll 265, introduced by Burgess of Lancaster, provides an appropriation of $85,000 for the erection of a fire-proof building in the city of Lincoln, to be used as a museum and library building by the Nebraska State Historical society. An average contribution of less than 45 cents from the head of each family in the state would pay the bill. But, once built, of course, the building would last for years.

Eighty-five thousand dollars may be considered a great deal of money to expend for a building of this kind at this time—with the state in debt over two millions; but the expenditure of such a sum is vastly different in effect than, for example, spending that much for fire-works—or for a display at the St. Louis exposition. The building would be a lasting monument and of great utility. The show at St. Louis will be temporary and of doubtful utility.

There is need for such a building. The society for ten years has occupied crowded quarters in the basement in the north wing of the state university library. It has on hand over sixty thousand books, pamphlets, manuscripts, volumes of newspapers, archeological specimens, relics, industrial products, scientific specimens, photographs and pictures, and as the years go by these will be increased to a wonderful extent—if the society has space to preserve its collections. There never was a better time to erect such a building, right on the tide of Rooseveltian prosperity. Why not do it? The moral effect will be vastly better than to beg the funds from some exploiter of American workingmen.

The house Tuesday decided to indefinitely postpone H. R. 265, which means more money for fireworks and less for substantial improvements.

It is rumored that the Rock Island and Santa Fe lines will merge. Eventually Uncle Sam will do a little merging himself in the railroad business.

TARIFF ON SUGAR

And Its Relation to the Cuban Reciprocity Treaty—Sugar Tariff is Now for Revenue

Editor Independent: The American people are paying a cent a pound more for sugar than they ought to be paying. The amount consumed annually is about two million tons, or four and a half billion pounds. The extra cent a pound, which we pay, amounts to forty-five million dollars annually. There are about eighty millions of people in the United States—seventy-six millions in 1900—and they are all eating sugar from day to day, usually three times a day. Every man, woman and child (on an average) consumes sixty-five pounds a year, which is three hundred and twenty-five pounds to every family.

All these families are interested in knowing why an extra cent is charged. Some contend that we are paying two cents a pound more than we ought to be paying. If this is so, then we are injured to the extent of ninety millions a year.

The duty (or tariff tax) on foreign sugar, such as we ordinarily use on our table, is two cents a pound, or (to be exact) 1.95 cents. We are obliged to go abroad to get most of our sugar. We do not produce one-tenth of what we use. In 1900 we produced 149,229 tons and consumed 2,219,847 tons, which shows that we produced less than a tenth of what we consumed. The price of foreign sugar, when it gets here, depends upon the price abroad, plus transportation, plus import duty and plus the cost of distribution in this country. The duty is therefore always an element in the price. If we could produce all the sugar we consume or were actually producing all we consume, then the price would not depend upon the price abroad or the duty, but upon supply and demand in this country, or the cost of production here. If the duty is one cent a pound more than it ought to be, then we are paying, at least, one cent a pound more than we ought to be paying. I hold that the duty is at least one cent more than any one can justify or show cause for; and that the American people are robbed out of at least forty millions annually. This falls upon the rich and poor alike. The rich can stand it, because their tax is no more per capita than that of the poor. The workingman needs as much sugar as the millionaire. Consequently a Vanderbilt pays no more tax, and is robbed no more than the man working for two dollars a day. If a Vanderbilt family consumes three hundred and twenty-five pounds of sugar annually and pays $3.25 more than they ought to pay, this is for a Vanderbilt nothing, but it amounts to a great deal to a poor workingman.

If the tax on dwelling or other property of a workingman is raised $3.25 and he has to pay this increase when his annual tax bill comes in, he makes a great fuss. Why should he not make the same protests, when he finds himself taxed the same extra amount on his food—especially when he finds the food of a millionaire is increased no more?

The price of raw (or unrefined) sugar is usually quoted in foreign markets at about a cent and a half a pound, or little more, so that it can be landed in this country at less than two cents or not to exceed two cents if there is no duty. If the duty is two cents, then raw sugar costs our refiners about four cents. Raw sugar is what is known in our tariff law as sugar "not above No. 16 Dutch standard." That above No. 16 is refined.

Why should the duty be two cents, when the article itself costs only two cents? This is a 100 per cent tax. It is a doubling of our sugar in price to the consumer.

After the sugar is brought here and refined, it sells at about 5 cents and sometimes more.

If the duty on foreign sugar is for the protection of our domestic sugar, then certainly it ought not to be more than one cent a pound or 50 per cent ad valorem. I believe it is good policy to protect and encourage our American sugar. We have started out on that policy and it would be folly to stop now. There are no reasons for stopping. We have been producing cane sugar ever since we acquired Louisiana in 1803 and have protected it. Beginnings were made with maple sugar in 1791 in New York and other northern states. In Vermont the maple sugar industry now ranks next in importance to dairying and the annual output is worth between $1,000,000 and $1,500,000. Maple sugar is also produced extensively in New Hampshire and Ohio, besides being produced to the same extent in New York. The beginning of the beet sugar industry in the United States, dates from 1835, having been then transferred here from Germany where it has been developing for a century. It has been encouraged by the several states by bounties. The United States has encouraged it (as well as all other sugar industries) by import duties on all foreign sugars. The sugar beet industry has grown rapidly within the last four years. (See final report of industrial commission, vol. 19, p. 85.)

The total quantity of raw and granulated beet sugar as produced in the United States in 1890 was 163,458,075 pounds, valued at $7,222,581. California and Michigan being the two great beet sugar producing states. Having started out on the line of protection, we cannot go back, until we can produce all our own sugar. It makes work for the farmer and the refiner. It contributes to the growth of our country and makes us independent of foreign countries, with respect to a commodity that has become a necessity. But one cent is enough for protection. Why, then, is there a duty of two cents per pound?

As long as foreign countries produce nine-tenths of the sugar we consume, they will regulate the price. We cannot control the price until we can produce enough to satisfy our demands. If we stop now and do not encourage the production here, foreigners will always control the price and they will make all the money made in this industry. They will do the work, have the profits and we shall have to contribute to their wealth and prosperity.

Germany and other foreign countries encourage and protect the sugar industry by bounties and import duties. Why should we not? Should we allow our sugar industry to be killed by Germany?

If one cent is enough for protection, why is the duty on foreign sugar two cents?

The republican party favors protection. Let us suppose protection to be the fundamental plank of the republican creed. But the republican party puts two cents a pound on sugar when one cent is enough for protection. Why is this?

The republicans are always talking against tariffs that are for revenue only. They do this so strenuously that you would not suppose that they have ever imposed a tariff tax on any commodity for revenue only.

The democratic party is in favor of free trade or tariff for revenue only. This is the fundamental plank in the creed of the party. To be sure, there are democrats who are in favor of protection, but these few do not control the policy of the party. Mr. Bryan, who represents the most liberal wing of the party, never says anything against tariff for revenue only, while he is always watching for protective duties, that, he says, are too high. Would he object to a tariff duty of two cents a pound on sugar if it were for revenue only?

The republicans put a duty of two cents a pound on sugar when one cent is enough for protection. This indicates one cent is for revenue and the other for protection.

It is a fact that sugar is a great