SOUTH SEA BUBBLE OUTDONE

How the Great American Public Was Worked to a Finish by Promotera

HUGE FORTUNES FROM WIND AND WATER

The Steel Stock and Other Trust Gamblers Made Fortunes Over Night -From Philip Drunk to Phillip Sober."

Before considering the abuses in overcapitalisation practiced by the less picturesque but not less sordid financiers who out of the stock market their one business in life, it is well to study the consolidation craze, chiefly because it culminated in the fermation of the United States Steel cor-

In studying the formation of the iron colossus many things will become apparent which, if they do not answer the stock gamblers' questions in full, should at least help the layman to understand much.

Mr. Morgan has been blamed because he is a man less interested in the human side of an enterprise, as it were, than in the omotion and financing of it. Assuredly he is not the sort of developing force that, for instance, Mr. James J. Hill is. But it is only fair to point out that Mr. Morgan has not been called upon to upbulld, but to finance; and that part he certainly has done in a big, masterly way. He has his own surgical methods in times of reorganination. They are not gentle, but there is something superbly impressive about his imperious self-confidence, begotten of a lifetime's habits of command and accomplishment. Very big fees are paid to the surgeon, who cares little for the patient's feeling so long as the patient is discharged from the hospital cured. With the increased wealth of the community things undreamed of so late as 1898 became possible in 1899 and accomplished in 1900. Mr. Morgan has known his own business facilihas ordered manufactured, and if people When a battle is waged and one side wins the other must lose. Mr. Morgan cannot add a hundred millions to the fortune left him by his father without the other sideoutside, in the Wall street phraselosing. But he is a great man, a strong man, who loves money less than action and

Tendency of the Times.

The manifest economic tendency of the times was toward consolidations, which are but the concentration of productive power, and it is evident that in union there is strength as well as economy. Economists this iron and steel octopus sooner or later the latest and greatest of American exhad to come, just as they tell you now ploits. As for our newspapers, their acthat some day the people must face the the facts show that the United States Steel corporation was created not in obedi- have been enough left for a streamer ence to the "manifest economic tendency of the times," but to prevent an industrial space void. The public heard nothing but Morgan's plans. He was busy on schemes Northern Pacific when Andrew Carnegie over them. Its enthusiasm spelt millions threatened to build at Conneaut the most to the creators of the "hydrant-headed one of Mr. Morgan's pet "industrials," the the Steel corporation. "National Tube" trustlet, was thinking of discontinuing the purchase of certain Carnegie products. In the midst of the most remarkable prosperity ever enjoyed by this country it looked as if the iron and steel producers were about to engage in bitter warfare.

Birth of the Steel Octopus. The formation of the United States Steel cised and as a result came the famous American Steel and Wire, American Tin Plate and National Tube.

With a capitalization greater than the public debt of the United States, with a productive capacity greater than that of any other nation, the United States Steel corporation, the embodiment of the "Amerlean Peril," the greatest example of the "manifest tendency of the times." was the field of practical politics, and whether who have ambitions in this direction. financed it. How it created fabulous fortunes almost overnight forms the most remarkable chapter in our financial history, striking features of the present boom.

First Chapter in Steel.

company. Strictly speaking, this same success was the first chapter of the stock market epic of steel. He had thrown together chased by the Federal, and the shares of the latter, through his manipulation, became readily vendible at high prices, whereas the stocks of the constituent comwith difficulty at that. It was the same article more attractively labeled and greed to appeal to the speculative instinct, the sagacious Gates, followed Governor Flower's lead. Business men understood the business advantages of combinations but promoters were moved by the desire to catch the stock buying public and make lots 'consolidated' and one after another the "trustlets" came into existence. They were stocks alone more than represented the value of the plants, including the good will, and "discounted" the economies and benefits arising from consolidation. The common stocks were "water" or the so-called 'possibilities of the future." As time goes on the true value of this last cuphemism is oming better known to the public. But at the time when everybody was stock gambling everybody boffght to sell out at

a profit. The lambs have not sold yet.
It is generally assumed without fear of contradiction that the United States Steel corporation was "watered" in its making.

and Wire trust promotion, had taiked of fest see billion-dollar combination, and there had greed-maddened and success-drunken people on earth! plungers. He was considered a wild speculator then; he is now a "financier," and his years ago he was merely premature. Such is the history of many of the big deals of

this boom. When the United States Steel organization was effected and the stock certificates ready, Mr. Morgan found himself in the position of a manufacturer with his warehouses full of goods. The market for his fortunes quintupled-in some cases ingoods was there, but he needed a selling make the exploitation of rallways in and agent. After a menth's deliberation the market conduct of the new shares was in- they sold a small portion. It was enough trusted to James R. Keene, the greatest stock manipulator beyond all question that mansions costing three or four millions this country ever had. Mr. Keene found this situation: All the great financial interests apart from Mr. Morgan's bad schemes of their own which necessitated a strong and rising market—that is, all the 100 and over and the common at \$55, as at brains and all the money of Wall street were working together to that end, for some had had readjustments to make and had a stock market value of more than a all had stocks to sell. For all, the cooperation of the public was a vital need. est kind of inflation, possible only in a mad The public had the money to buy securities. It was rich as never before. But the investment buying though great was grad- that they couldn't buy any more. In the ual, and therefore too slow to take up the billions of securities that had been manufactured. It was necessary that the public should be made to buy them, and to that end there must be created a great specu-

Keene's Wonderful Campaign. Mr. Keene, for once in his life, found himself backed practically by a billion dollars. A man who with his own resources, less than a haif dozen millions, had in the past caused anxiety to capitalists ten times richer, had no opposition from the other leaders of speculation. How he planned and worked and astounded his most intimate friends by the fertility of resource, the ingenious strategy, the courage he displayed ties for the disposal of the securities he in his manipulation of steel stocks, is a matter of record and remains one of the bought them at high prices so much the most wonderful campaigns in Wall street. better for him and the worse for them. It is true that everything helped him and thus helped Mr. Morgan. First of all, the cumulative effect of years of uninferrupted prosperity; and then it was easy to get all the drums of publicity to beat for the gigantic, "epoch-making" corporation, Politicians, knowing this corporation meant something they had to talk about sooner or later, hesitated as to what stand they ought to take. Political economists saw in it the remarkable culmination of a remarkable tendency. Producers and consumers of iron and steel wondered how it would affect their business. Europe was growing uneasy. The press of every counat one time that the formation of try in the world printed long editorials upon counts of the Billion-Dollar trust, if clipped asues created by the new conditions. Yet and pasted together, would have reached from the earth to Sirius and there would million miles long dangling in the midwarfare which would have unsettled senti- Steel! Steel! Steel! The community had alment and sent the stock market down; ready been speculating in stocks. But which would have been very bad for Mr. this was the last, the grand push, and everybody bought stocks, chiefly steel. affecting the anthracite roads and the The country had gone wildly enthusiastic complete tube works in the world because monster," as an irreverent Irishman called

Boosting the Price.

Mr. Keene had taken hold of these shares, which had already been traded in on the unofficial excange, the "Curb Market," when the common was around \$37 and the preferred around \$87. In the course of a omparatively lew weeks he mark up the price of each stock fully 15 points-which meant an appreciation in the corporation checked that movement. It market value of the capital stock of the has been said that if it should serve no company of \$150,000,000 in round numbers. further purpose than to prolong the period Not only this, but-and here is what tainly has done, it has been worth a billion wealth ponder-in one day, at the height dollars to the United States. Thus it may of the boom, Mr. Keene was able to sell be that Mr. Morgan was helping every in the open market the incredible amount ness man in the country, but he surely of 200,000 shares of the United States Steel was protecting himself and his enterprises. common and preferred stocks, representing It was a very serious moment for him over \$20,000,000! And Mr. Keene, acting for and he was fighting with his back to the Mr. Morgan, was able to put the price wall. It will never be known whether Mr. higher, till the preferred sold above \$100 Carnegie deliberately and premeditatedly and the common as high as \$55, because the forced Mr. Morgan to buy him out, but public was stock-mad and Mr Keene knew that Mr. Morgan was forced to do so is how to utilize the madness. He told me not to be questioned. And he paid a huge once that he had sold in all, from the time price. Mr. Carnegie gave an option to H. it was launched to the Northern Pacific C. Frick to sell the entire Caregie plant panic, in reality but a few weeks, somefor \$300,000,000. The option was not exer- thing like 750,000 shares! Before the first syndiente was dissolved it marketed successrick-Carnegie suit. This suit was com- fully the \$200,000,000 of stock it had under promised by Mr. Carnegic forming a new written. The public took all this. But the company capitalized at \$300,000,000. Two public did more. The party, consisting years later Mr. Morgan capitalized it at of Messrs. Reld, Leeds and Moore, who had \$509,000,000, Mr. Carnegie receiving created the Tin Plate, Steel Hoop, National something like \$300,000,000 in bonds for his Steel and other concerns, received a huge share. To cut off danger from other block of United States Steel in exchange sources Mr. Morgan also gathered in the for their holdings of the constituent combeen formed: Federal Steel, National Steel, at the time that they received something a young canvasback down the back, place

though Mr. Schwab has sworn that the like \$140,000,000! Think of it! Men who, value of the corporation's property is what two years previously, were not, strictly It is capitalized for. Two years before, Mr. speaking, rich, became fabulously wealthy Gates, flushed with the success of his Steel almost overnight; not because of the manibecause of the manifest ability of the followed a torrent of warnings against American people to outgamble any other

Water Frozen Into Hard Cash. These men, being wise, converted their billion-dollar combination is a fact. Three paper profits into hard cash and then put some fifty-odd millions of cash, presented to them in the course of a few weeks by the American public, into the very best "rallway proposition" they could find-the Rock Island. There were the junior partners of Andrew Carnegie, men like Phipps Frick, Schwab and a score of others, whose creased tenfold in weeks, almost days. They did not all sell their holdings, but to enable them to buy yachts and build each. They made the most exaggerated type of the new class-the stock-market aire. They were the steel millionaires. With the preferred stock selling at the height of the boom of 1901, the proper ties of the United States Steel corporation billion dollars. This was obviously the wildbosm. People since then have come to their senses. They had bought so much spring of 1901 they bought all that Keene sold for Morgan, all that Frick, Schwab, Gates, Moore and all the other magnates sold, carloads of certificates. The company has 50,000 shareholders today. But lately the public would not buy so freely. Prices might rise and they would not buy. Prices might fall and they would not think stocks a bargain. Mr. Morgan spoke of "undigested securities," and he ought to know for he made more than anyone else. And now, on the eve of what so many believe is the beginning of the contraction in general business, in the course of which the Iron the 50,000 stockholders of the big trust, for getting the history of the corporation and the overcapitalization of it, ask what the matter may be with the stocks, merely because in the appeal from Philip drunk to Philip sober there has been a shrinkage of not far from \$400,000,000 in the stock market value of the United States Steel capitalization. It measures, this appalling shrinkage, the degree of the speculative insanity of the great American public in 1991. The dividends on the common stock have just been reduced to 2 per cent per annum. But on the same day the directors reduced the dividend rate they reported that the company had about 1,100,000 tons of business less on its books on October 1 of this year than on October 1, 1932. Men familiar with the iron and steel trades and with the company's business sold the common stock months ago because it was "velyet" to them-it represented clear profit. They were foolish not to have sold their holdings at \$50 a share as others did, but not so foolish as the

TABLE AND KITCHEN

housands who bought at that price.

BREAKFAST. Cream, Bacon Wheat Gems, LUNCH. LUNCH.

Cold Duck, Onion and Tomato Farci,
Stewed Fruit, Hot Grape Juice,
DINNER.

Vegetable Soup.
Mutton Pie. Potato Crust
Egg Slaw.
Steamed Apple Dumpling, Hard Sause.
Coffee.

Canvasback Duck-The canvasbacked as little of the juice and blood as possible, and it requires rapid cooking to prevent of prosperity a couple of years, as it cer- should make students of our national the fat and liquid from running out. He skin a rich, even color, taking care all must be browned-crisp almost to burning-and served plain, with only salt, pep- juice as possible. per, and crisp, white celery sticks. Its own crimson gravy is considered sufficient sauce by the epicure, who considers it parbarous treatment to deluge this unapproachable bird with gravies, sharp

nuces, wine, jelly or condiments. In order to enjoy the canvas-back duck we are also advised to grill him, serve imaediately-as it must not be allowed to ool-accompanied by celery mayonnaise and followed by a very dry champagne frappe, "This is a course for a king," remarks our connoisseur, leaving us in doubt as to whether none but a king deserves such fare, or, what is more probable, only those of kingly estate may indulge in such extravagant fancies.

The Redhead Duck-This duck ranks next to the canvasback and is not infrequently substituted for the latter, being cooked in the same manner. Should you wish to eat wild duck in perfection, try the two follow-

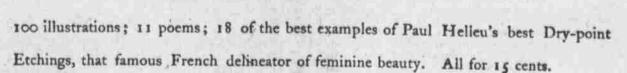
The best fiction today is

to be found in the METROPOLITAN MAGAZINE. There are no writers more interesting than Maurice Hewlett, W. A. Fraser, Rebecca Harding Davis, William Hamilton Osborne, Stephen Bonsal, Alfred Henry Lewis, Clinton Scollard, Ralph Henry Barbour, Sewall Ford, and most of these are the authors of the

12 Short Stories

which appear in the November METROPOLITAN. Its 160 pages (more than in some 25-cent and even 35-cent magazines) contain only articles of literary merit, and illustrations of excellence. And all printed on the finest paper

4 Descriptive Articles



The METROPOLITAN MAGAZINE for November

(A15)

R. H. RUSSELL, PUBLISHER, 3 WEST 29TH STREET,

The Above on Sale at

Newspapers From All Over OUR SPECIALTY.

METROPOLITAN

MAGAZINE

him in a heavy double gridiron with the de of bird next the fire; press down fiat with the other part of the iron, but do not duck may be cooked like other wild duck, bruise the flesh. Let it cook over a strong, but nearer to the fire, for one must lose clear fire for twelve or fifteen minutes, then turn and expose the breast of the bird to the fire just long enough to brown the skin a rich, even color, taking care all then turn and expose the breast of the bird. through the cooking to lose as little of the

To Roast Wild Duck-Or try this method roasting at a rapid fire until crisp and brown almost to blackness, for twenty-five minutes. Send to the table at once in heated covered server. Have previously placed before the carver a silver brazier, or chafing dish, with the following ingredients: Three glasses of port wine, cayenne, sait, a cut lemon and cup of good brown stock or gravy. With these prepare a sauce, and when the duck is carved roll each portion

when the duck is carved roll each portion in the hot sauce, place on heated dishes and pass to the eager and appreciative guest.

Duck a la Americaine—Mallard duck a la Americaine is a duck roasted rare—not over thirty minutes—before a brisk fire, carved, the beat parts kept hot between hot dishes, while a rich brown sauce is made from liquor in which the carcass and trimmings have been stewed with aromatic herbs and have been stewed with aromatic herbs and seasoning of salt and pepper. Port wine more important of the "trustlets" that had panies' securities. It was current gossip ing methods given by famous chefs: Split and currant jelly are added and the sauce poured over the duck and served.

LABOR AND INDUSTRY.

Six million operatives in the United States annually sign pay rolls aggregating \$3,000,-000,000.

American newspapers every year pay in wages \$80,000,000 and receive \$80,600,000 for subscriptions and \$36,000,000 for advertisements. Secretary of Agriculture Wilson estimates this year's crop of macaroni wheat at 10,-000,000 bushels and that for next year at

Lidianapolis, Ind., labor unions will try to secure the choice of that city for the convention of the American Federation of Labor in 1994.

It cost \$220,000 to print the last annual re-port of the secretary of agriculture, which makes it the most costly government publi-cation in the world. Minnesota farmers at Kenyon built their

From newsboy to preacher in five years is the record of Rev. George Wilbur Osmun of Danbury, Conn. At present he is preaching to many people who only a few years ago were his newspaper patrons. Bishop Allocer of Cebu, the last Spanish Roman Catholic dignifiary in the archipelago, sailed for Spain on the 28th. He had worked for thirty-eight years in the Philippines and was noted for his charitable acts.

Our mines, quarries, clay banks and oil wells yield \$1,00,000.000. Our 200,000 miles of railway transport \$00,00,000 tons of original freight, not including duplications, and pay \$00,000 operatives, exclusive of officers, \$650,000,000.

Two Bulgarias missionaries named Furnajieff and Popoff have left Vienna for New York to tour the United States to raise money for destitute Macedonians. Both are graduates of American colleges, the former of Princeton and the latter of Hamilton.

Some of the old Nile lakes, which were formerly dry sait plains in summer and covered with a few inches of alkali water in the wet season, have been recisimed by the British government and are now worth from \$200 to \$300 an acre. They produce restricted to the season of the season

sewing machine trade in Japan points out that the importation of American sewing machines into Japan has increased eleven-fold over that of Gormany since 1883, al-though the American machines command much higher prices than those made in Germany.

According to the recent annual report of the Eric Railroad company, more than 61 per cent of the total operating expense was paid by the company to labor, being dis-tributed among more than 94,000 employes. During the year the wages of employes have been increased to an amount approxi-mating \$1,200,000.

Rov. Archibald McLaurin, pastor of the Central Baptist church, Atlantic Highlands, N. J., was the best wrestler in Colgate university when he was there and nowadays gives frequent demonstrations of muscular Christianity. He is now champlion wrestler of his town, having thrown all members of his congregation who have tested his strength and agility. Mr. McLaurin is five feet four inches tall and weighs 150 pounds. He has established a symnasium in connection with his church and is now busy drilling a foot ball team which he has organized.





is the standard of office excellence in Omaha. If you office there your address is as good a recommendation as the character of the people with whom you go.

per month.

ROOM 306—This is the only large room in the building vacant, it faces Farnam street and is as handsome a room as there is in the building. The suite consists of a waiting room and two private offices, so that it would be admirably suited for two professional met. It has a large burglar-proof vault and is a most desirable suits of offices in every respect. Rental price per month.

\$50 HOOM 216—This room is located on the second floor. It faces the broad corridor off of the court. It is the only medium sized room in the building vacant and is a very pleasant, desirable office. Rental price per month.

R. C. PETERS & CO., Rental Agents.

Ground Floor, The Bee Building

PROBLEM FOR DIVORCE COURT.

A prominent judge ticklares that the majority of divorces can be directly traced to disease. The father overworked and careworn takes to his home a sambre countenance, and in vain the faithful wife and fond children walt for the loving embrace. Soon the disease that remains bidden from view makes its appearance and the poor victim writhes in the fatters of despair. Great misfortunes have been averted and deep grief silenced by taking Dr. Burkhart's Vegetable Compound. It cures Bheumatism. Neuraight. Catarth. Consilpation. Sick Headache. Nervousness. Palpitation of the Keari. Eldney and Liver Troubles. Indigestion and all Discases of the Stomach. It frees the blood of discase germs and imparts to the suitre body freeb vigor and continuous health. Thirty days treatment 25c. six months' guaranteed treatment 5.00.



Sent to any address for \$1.00. SHERMAN & McCONNELL, Gmaha.

Preparation for Politics

curred to me. thing, he would keep out of the profession derstood. try to improve them; but if he objects to anything. its very existence he will so cripple his

nen who expect to so into politics after- as a lawyer or as a journalist, and have the amount of influence which fell to the lot ward there is not a great deal to be said, one of these two callings to fall back on if of Abraham Lincoln. But it is possible. The methods of getting into politics and politics goes against him for a time. I for every man to do on a small scale the

itself he is wiser to keep out of it.

University, in Harper's Weekly. I am asked how it is possible for a young things which are of the very greatest use, better than in any other way. And I also man best to fit himself for entrance into and which can be commended to all men think that he is likely to increase his

because in it are found emphasized all the two or three suggestions which have oc- as soon as possible is perhaps more vital to a line officer of the same grade. in this field than it is anywhere else. It

of staying in politics differ greatly in abould then advise him to find some leader same kind of work which he did on a large lifferent localities and with different in whom he respects and honors, and attach senie, and to have at his command a means lividuals, and the necessary training varies himself to this man's fortunes. By doing of public influence which is independent correspondingly. But there are a few so he can probably learn methods of work of the vicinsitudes of elections.

possibility of independent action; just as launched on the stock market. Mr. Morgan any addition to present university courses In the first place, they must learn to a staff officer in the army often has a would help him; also, conceding the neces- put their thoughts into good plain English, degree of personal freedom and personal sity of "machine" politics, how he can best The ability to write and speak in such a influence on the conduct of large operations learn how to deal with them. I will give way that other people will understand just which is, in the nature of things, impossible

Arthur T. Hadley, President of Yale

In the first place a man, before going into is astonishing to see how readily the vot- it is important for any man who goes politics as a career, should ask himself ers will grasp at a good idea if it is into politics to remember that the tangible Governor Flower, the pioneer, made a quite candidly whether he is fitted for it. presented to them without unnecessary en- work which he accomplishes as a legislator atupendous success of the Federal Steel No man would go into law or medicine or cumbrances. I am satisfied that much of or officeholder may be very small in commerce without this preliminary in- the alleged reluctance of people in general comparison with his intangible influence comparison with his intangible influence upon public opinion. It is public opinion, after all, which is the main force that governs the country. The work of the legistator and the administration is only secondary. If we were to measure the effect of campaigns for municipal reform by their tangible results we should be considered by their tangible results we should be considered by the construction of th If the practice of the courts vio- to accept the views of college men on upon public opinion. It is public opinion, lated his meral sense, if the sights and some of these subjects arises from the after all, which is the main force that a lot of companies, whose stocks were pur- sounds of a sick room upset his nerves, or inability of college men to express those governs the country. The work of the if money-making seemed to him a sordid views in such shape that they will be un- legislator and the administration is only involved. In like manner a man who objects to the party organization and the existence of party machinery is unfitted for politics as a career. He may at times do good as a reformer; but he can hardly expect to have a continuous career of public ing comes through classes in history, or two terms. At the end of this time its proportion to the labor expended. A reform administration most interesting histories. In it before the revolution Patrick Henry made ing celebrated spect to have a continuous career of public ing comes through classes in history, or two terms. At the end of this time its words: "Give me liberty, or give me panies had been salable at low figures and istence of party machinery is unfitted for edge of English I should place a knowl- these results as small in proportion to the freshly varnished with the magic paint of pect to have a continuous career of public ing comes through classes in history, or two terms. At the end of this time its office. For the political party, whether we in statistics, or in political economy, is a friends become apathetic, its enemies inthough, to be sure, business was good and like it or not, has proved a necessity under matter of minor importance—it may even crease in number, and things seem to fall rapidly growing better. So shrewd a judge the American constitution. This constitution come through the use of a Greek diction-back into the old channels of corruption. rapidly growing better. So shrewd a judge of industrial value and so consummate a speculator as John W. Gates sold out his huge block of Federal Steel very early at about \$25 a share—because he thought it too high! And yet later the shares sold at \$100 machinery brings the two into harmony. The sagaclous Gates, followed Governor. means of getting any government done. A have a great advantage over the man who must never forget that he can do this good man who goes into politics will recog- knows twenty things superficially and is work of educating public sentiment. The nize the faults of this machine, and will not in the habit of going to the bottom of remembrance of this will save him from discouragement in the face of apparent failure, and will give him that widened of money quickly. And so everything was own powers of work that it is wiser for The next question is whether a man shall range of vision and increased steadiness of him to find a career in other lines. Amer- begin his political life as a professional or purpose which is necessary to make him ican politics is a game played under as an amateur; whether it shall be as a a true leader. In Lincoln's great debate overcapitalized, of course. The preferred definite rules, which, though they greatly means of livehood, or as an independent with Douglas he did not succeed in winning need improvement, are, on the whole, the occupation. As things stand at present, the senatorship; but he succeeded in the result of experience. Every leading player the latter course seems preferable. If far more important work of building up should try to improve the rules as much politics is a man's only means of livehood, convictions throughout the country which as he can; but if a man objects to the game the temptations to sell his birthright for led to Lincoln's election as president and a mess of pottage are too frequent. I think to the successful prosecution of the war I should advise a man who looks toward for the union. There are, of course, few With regard to preliminary training for a political career to train himself either men in any age or nation who can exert