

# Morgan and Morganism

THE MAN AND  
HIS METHODS.

## What Is His History?

## What Are His Methods?

Under the heading of "Morgan and Morganism," "The Man and His Methods," the London Daily Mail is publishing a series of letters on the great American financier that will be read with marked interest by his fellow countrymen at home and abroad. The third and fourth articles are herewith reproduced:

The banking business of J. P. Morgan and Co., corner of Broad and Wall streets, New York, controlling from there its London house of J. S. Morgan & Co., of Old Broad street, E. C., and its branches in other financial capitals, was only established as late as 1895.

It was established to take advantage of the larger opportunities which then presented themselves for the kind of operations in which Mr. J. P. Morgan had been engaged all his life.

The period of stagnation and depression which had culminated in the black year of '94 was beginning to pass away. The marvelous productivity of a rich land and a people of irresistible energy and enterprise had asserted itself in unmistakable signs of growing material prosperity.

There was in sight a period of prosperity which, with the final establishment of the gold standard, might develop into a "boom" such as Americans had never known.

It was the moment for which all J. P. Morgan's long business career had been but a preliminary training. He has put many considerable achievements to his credit since as a boy of three-and-twenty he had encountered Jay Gould and "Jim" Fisk, the wranglers in a fight for the control of the Albany and Susquehanna railroad and emerged triumphant with the spoils of victory. In the glib way in which they speak of millions across the Atlantic, he is to have cleared a million dollars in this enterprise. No doubt he did make a considerable profit, but what was more important than the profit was the blood of his principles. His success justified and encouraged his optimism for the future. He had proved for himself that it was possible and profitable to fight the wreckers, and that there was more money in building up values than in pulling them down.

Thenceforward he was ever an appreciator.

One after another financial enterprises that were in difficulties came into his hands to be reconstructed, strengthened and enhanced in value. He was largely responsible for the building up of the great railway system of the New York Central. He obtained command of the West Shore line and leased it to the New York Central, a consolidation of conflicting interests that had the most profitable results. He had not neglected any opportunity of taking a squeeze at the milk cow of finance—the British investor. He marketed on the London and Continental exchanges a huge block of New York Central stock which he had bought at 130 and forced up to 130. Later he was concerned in another huge international "deal"—\$200,000,000 worth of United States bonds.

The list of the railroad reconstructions and mergers would be too long to print and tedious to read. But they were all in one line. Battered and shaken properties that had been preyed upon by the sharks of the older American finance were acquired, their material reconstructed and set going as good as new. Of course, he did not work for nothing. The honest broker took his profit, and a big profit, but the shareholder who until then had possessed nothing but a piece of paper involving all sorts of dangerous liabilities now found himself the owner of marketable property.

Such work was abundant and necessary. Population was pouring into the country, a restless spirit of enterprise had developed, villages were springing into cities, new towns were growing up as if ready made, railroads which had been nothing but wooden nutmegs or gambling counters were finding themselves called upon to carry profitable freight for which they had not the equipment; little local lines running from nowhere to nowhere were developing into important links of great

systems, and all the time J. P. Morgan's work was bringing him more than profit. It was bringing him influence and credit and the confidence of great capitalists, which is everything to a banker.

He was uniformly honest, sound, and successful. He was not a gambler any more than the Prince of Monaco is a gambler. He did not seek the immediate profit which the shareholder may make at the cost of forfeiting the confidence of the investor. The shareholder erred when J. P. Morgan had held out to him the prospect of a further increase of his power and credit until in 1895, when he established his present business, his name had come to be regarded as sufficient guarantee for any capital he might put into a venture.

In 1898 he succeeded in placing a new issue of United States bonds in this country and on the continent, and performed a national service by arresting the drain of gold from the country. He has organized and directed the Steel trust with its gigantic capital of nearly \$200,000,000, the Atlantic Shipping trust, with a capital of close on \$50,000,000, the Northern Securities company, with over \$200,000,000, besides a host of smaller things, each one of which would be the achievement of a career to many an old-fashioned eastern financier.

Behind him in his schemes he has had the support not only of the Vanderbilt fortune, but of practically all the great capitalists in the United States. He has become in his own person a sort of "combine" of millionaires. John D. Rockefeller, the oil king, to whose profit nearly every petroleum lamp the world over is a burnt offering, found the money for the shipping "combine." How much capital Mr. Morgan himself owns no one, probably not he himself, knows. But John D. Rockefeller is only one of the multi-millionaires whose millions he has been able to command. When the money has been needed to support the market, as in the case of the panic of last year, or to ease the financial situation in times of monetary stringency, he has had it to pour out like water. And there have been times, and will be others, when the market prices of Morgan stocks have needed supporting.

In less than two years Mr. Morgan has floated companies with a total capital of considerably more than \$400,000,000. And wide as is the world \$400,000,000 worth of securities take a great deal of absorbing.

Mr. Hooley was only a pignory promotion in comparison, but when he floated a company for two millions sterling he was esteemed a prodigy and the issue of the inflated pneumatic tyre trust made a considerable stir.

Of course there is no point of comparison between Mr. Morgan and Mr. Hooley. The latter gentleman found his opportunity and his fame in a temporary boom in the single trade of the small city of Coventry. On the strength of that boom he bought businesses for considerably more than they were worth and sold them to the public at considerable profit to himself.

Mr. Morgan, on the other hand, has found his opportunity in the huge wave of commercial prosperity which has swept over the vast American continent. He, too, has bought businesses at very high prices and sold them at prices still higher.

But in addition to the disparity in magnitude of the two men's operations, there is another fact which renders comparison out of the question—the fact that there came a "slump" in Coventry.

"The Organizer of Prosperity" is the title conferred upon Mr. J. P. Morgan by his panegyricists in the United States. It is a proud title, and the man who deserves it, the man who brought about a flood tide of national prosperity, would be entitled to all the honors and rewards which his grateful countrymen could bestow upon him.

There is certainly a flood tide of prosperity, and Mr. Morgan is conspicuously in view on the crest of the high-water mark. But whether Mr. Morgan carries the tide or the tide carries Mr. Morgan is a question that might be worth considering.

At the time when Mr. E. T. Hooley was manipulating the cycle boom there were panegyricists who claimed on his behalf that he had brought prosperity to the industry of Coventry. That an ordinary city did undoubtedly enjoy a period of abundant and profitable trade, but today neither the unemployed mechanics of the city nor the ruined creditors in Mr. Hooley's companies are even aware of his existence.

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Here, indeed, was something upon which the big financial genius could get his teeth, and he achieved the magnificent coup of the steel "combine."

Whether it was or not sound finance from the point of view of the investor is another question. But it was a marvelous achievement in commercial diplomacy. Successful business men are not in the habit of going round trying to sell their businesses. An undertaking bringing in 100 per cent a year is usually good enough for its fortunate owner to keep.

Who knows or can imagine the arguments and considerations that were brought to bear to bring the controllers of all the constituent concerns of the Steel Trust within the ring of a common agreement, the promises that had to be held out to some, the threats that had to be made to others, the jealousies and conflicting interests that had to be conciliated, the money that had to be scattered like water? Every business acquired could only be got at a huge price. The vast Carnegie concern, which had just been valued at \$200,000,000, was bought for \$204,000,000 in 3 per cent gold bonds, besides a proportion of the preferred stock.

The Federal Steel company had a capital of \$99,700,000. Its common stock was standing at 41—they were \$50 shares—before the trust negotiations made prices jump. The price paid for it was \$102,200,000—considerably over par value. The American Tin Plate company's capital was \$45,225,000. Its common stock had risen with trust negotiations and rumors of speculation from 55 to 73. The trust paid no less than \$62,900,000 for it. The National Tube company's capital was \$30,000,000, and its common stock, before annexation, stood on the market at from 38 to 52. The trust had to go to the figure of \$8,250,000, or again considerably over par, to get it.

The National Steel company, whose capital was \$59,000,000, with \$100 common stock standing at from 37 to 50, cost no less than \$73,750,000 to bring in to the "combine." The American Steel Pipe company's common stock was only 23 to 37 when it had to be taken at par value.

For nearly all the businesses combined of which particulars are known the prices paid were at least par, and in all cases were greatly in excess of the stock exchange estimates of value. Moreover, the larger concerns amalgamated were themselves amalgamations. Each one had itself been a "combine," and each "combine" had been acquired by the inevitable watering of stock. What relation the real bed-rock values bore to the prices at which the businesses were acquired and the prices at which they were passed on to the public it is beyond possibility to estimate exactly. Time and experience and

trust, and the capital valuation was \$300,000,000.

In 13 years, from 1887 to 1900, this business had grown in capital value from one and a half million pounds sterling to over sixty million pounds sterling. What possibilities for the financier in refuting the capital of an industry which was growing in value at this astounding rate of geometrical progression! And the Carnegie business was only one, though the largest of many. They were nearly all enormously prosperous, and nearly all increasing in prosperity by leaps and bounds. They were making huge profits. Twenty-five per cent was almost the minimum in many cases. The annual earnings were 30 per cent of their capital, and in some more than 100 per cent.

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the inevitably recurring period of bad trade alone can show that. Mr. Carnegie's \$204,000,000 of 3 per cent gold bonds constitute without doubt a magnificent security, being a first charge upon the entire property and earnings of the trust.

But the very magnificence of the security which was necessary to satisfy the prudent Mr. Carnegie may have caused the ordinary prudent investor to wonder whether what was left was quite good enough for the rest of the money. The stock is in comparatively few hands. The great public, both in England and in America, is standing aloof.

The milk cow is not "giving," and when a milk cow is so far recalcitrant as to refuse to "give" she may easily go a little way further and kick over the pail.

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### FINDING WHAT YOU SEEK.

"I used to know a man who had a habit of carrying old stones in his pockets," said a minister. "He was a busy man, but in his moments of leisure he studied mineralogy and became a connoisseur on the subject."

"He classified his own collection and after some years it was examined by an expert and appraised at a value of \$17,500. He confessed that he had picked up most of his treasures in streets and beside paths where others saw only worthless things."

"Recently I traveled abroad with a young man recently graduated from a famous university. He expressed the belief that this country is in the hands of unscrupulous politicians, that President Roosevelt is scheming for selfish possessions, that the church goes are generally hypocrites, and that the capitalist class to which he belongs by inheritance is deliberately impoverishing the masses. His allusion to his own experiences showed that he was finding men as he expected to find them."

"In the same traveling party was a man well past 70. He was full of hope for the future of his country; he had good stories to tell of comradeship with men dead and living."

"He smiled at every child he met and had a kind word for every person he met. Everywhere men, women and children were eager to talk with him and to do him service. When he reached home he probably said that he had never met so many agreeable people nor had so enjoyable a trip. "Thanks to me that each of these two men found just what he looked for and that most other folks will have the same experience. Those who look for selfish motives and evil purposes live in a world where they see evidence of corruption everywhere. Those who expect the best from their fellowmen are always making discoveries which delight them."

"It is simply the difference between the mineralogist and his neighbors. He found something valuable and they found nothing because they were looking for anything of value and he was."—New York Sun.

### Don't Worry.

This is easier said than done, yet it may be of some help to consider the matter. If the cause is something over which you have no control it is obvious that worrying will not help the matter in the least. On the other hand, if it is in your control, you have only to act. When you have a cold and fear an attack of pneumonia, buy a bottle of Chamberlain's Cough Remedy and use it judiciously and all cause for worry as to the outcome will quickly disappear. There is no danger of pneumonia when it is used. For sale by all druggists.

### Facts for Catarrhal Sufferers.

The mucous membrane lines all passages and cavities communicating with the exterior. Catarrh is an excessive secretion, accompanied with chronic inflammation, from the mucous membrane. Hood's Sarsaparilla acts on the mucous membrane through the blood, reduces inflammation, establishes healthy action, and radically cures all cases of catarrh.

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Table tumblers, engraved . . . 5c	Sauce pans, 15c to . . . . . 32c	Pretty embroidered handkerchiefs . . . 40c
Butter dishes . . . . . 10c	Milk or pudding pans . . . . 14c	Silk embroidered handkerchiefs . . . 5c
Sauce or fruit dishes, six for . . 25c	Tea kettles . . . . . 95c	Men's white handkerchiefs . . . 5c
Salt and pepper shakers . . . . 5c	Cooking spoons . . . . . 10c	Men's white handkerchiefs . . . 5c
Water pitchers . . . . . 15c	Cupholders . . . . . 10c	Men's ribbed handkerchiefs . . . 5c
Glass lamps, complete . . . . . 25c	Soap dishes . . . . . 10c	Men's blue handkerchiefs . . . 5c
Syrup pitchers . . . . . 15c	Pie pans . . . . . 14c	Men's bordered handkerchiefs . . 5c
		And many other styles.
Dishes	Notions	Hosiery
White cup and saucer . . . . . 5c	Two spoons machine thread for 5c	Ladies' seamless hose . . . . . 10c
Flowered cup and saucer . . . . 5c	Hooks and eyes, 2 doz. for . . . 5c	Ladies' fast black hose . . . . . 10c
Vegetable dishes . . . . . 10c	White tape . . . . . 1c	Ladies' extra good hose . . . . . 17c
Meat platters, family size . . . 10c	Good pins, 2c and . . . . . 5c	Misses' or boys' hose . . . . . 10c
White plates, 7c and . . . . . 8c	Tape measures . . . . . 5c	Bicycle ribbed hose . . . . . 20c
Water or milk pitchers, 10c to 15c	Yarning irons . . . . . 5c	Misses' ribbed hose . . . . . 15c
White bowl and pitcher . . . . . \$1.25	Black pins, 2 boxes for . . . . 5c	Misses' ribbed hose . . . . . 15c
Fancy shape bowl and pitcher . . \$1.35	Hair pins, pkg. . . . . 1c	Baby's ribbed hose . . . . . 10c
Set of dishes . . . . . \$3.50	Corset clasps . . . . . 5c	Men's blue handkerchiefs . . . 10c
Extra wash bowls . . . . . 60c	Hair combs, 5c and . . . . . 10c	Men's heavy socks . . . . . 10c
		Men's good socks . . . . . 10c
Tinware	Embroidery, Laces	Useful Articles
Milk pans, 3c, 5c and . . . . . 15c	Good embroidery . . . . . 25c	Fifty paper napkins for . . . . 5c
Coffee or teapots . . . . . 5c	Open work embroidery . . . . 5c	Stove polish . . . . . 5c
Tea kettles . . . . . 45c	Pretty designs . . . . . 10c	Machine oil . . . . . 5c
Gem pans . . . . . 10c	Extra wide . . . . . 20c	Lamp chimneys . . . . . 5c
Milk strainers, 10c and . . . . 17c	Insertion, 5c to . . . . . 10c	Shoestrings, 1 doz. . . . . 5c
Sauce pans . . . . . 12c	Narrow Val. lace . . . . . 1c	Tar soap . . . . . 5c
Frying pans, 10c and . . . . . 17c	Medium val lace . . . . . 5c	Two doz. clothes pins . . . . 5c
Water buckets . . . . . 20c	Corchian lace . . . . . 3c	Embroidery hoops . . . . . 5c
Wash bowls, 6c and . . . . . 10c	Pillow case lace . . . . . 5c	Embroidery hoops . . . . . 5c
Meat broilers . . . . . 5c	Ribbons	Corkscrews . . . . . 5c
Dippers . . . . . 5c	Baby ribbon, 3 yards for . . . 5c	Feather dusters . . . . . 10c
Funnels, 3c and . . . . . 5c	No. 2 Ribbon . . . . . 3c	Buggy whips . . . . . 10c
	Hair ribbon . . . . . 10c	Box writing paper . . . . . 10c
	Plain ribbon, 7c to . . . . . 10c	Clothes brush . . . . . 10c
	No. 12 ribbon . . . . . 10c	Laundry brush . . . . . 10c
	Watered ribbon . . . . . 10c	Laundry boxes . . . . . 10c
	No. 16 ribbon . . . . . 15c	Office hobs, 5c and . . . . . 10c
	No. 22 ribbon . . . . . 20c	Flatiron handles . . . . . 10c
	Plain silk ribbon . . . . . 10c	Whisk brushes, 10c and . . . 15c
	No. 4 satin ribbon . . . . . 4c	Floor brushes . . . . . 15c

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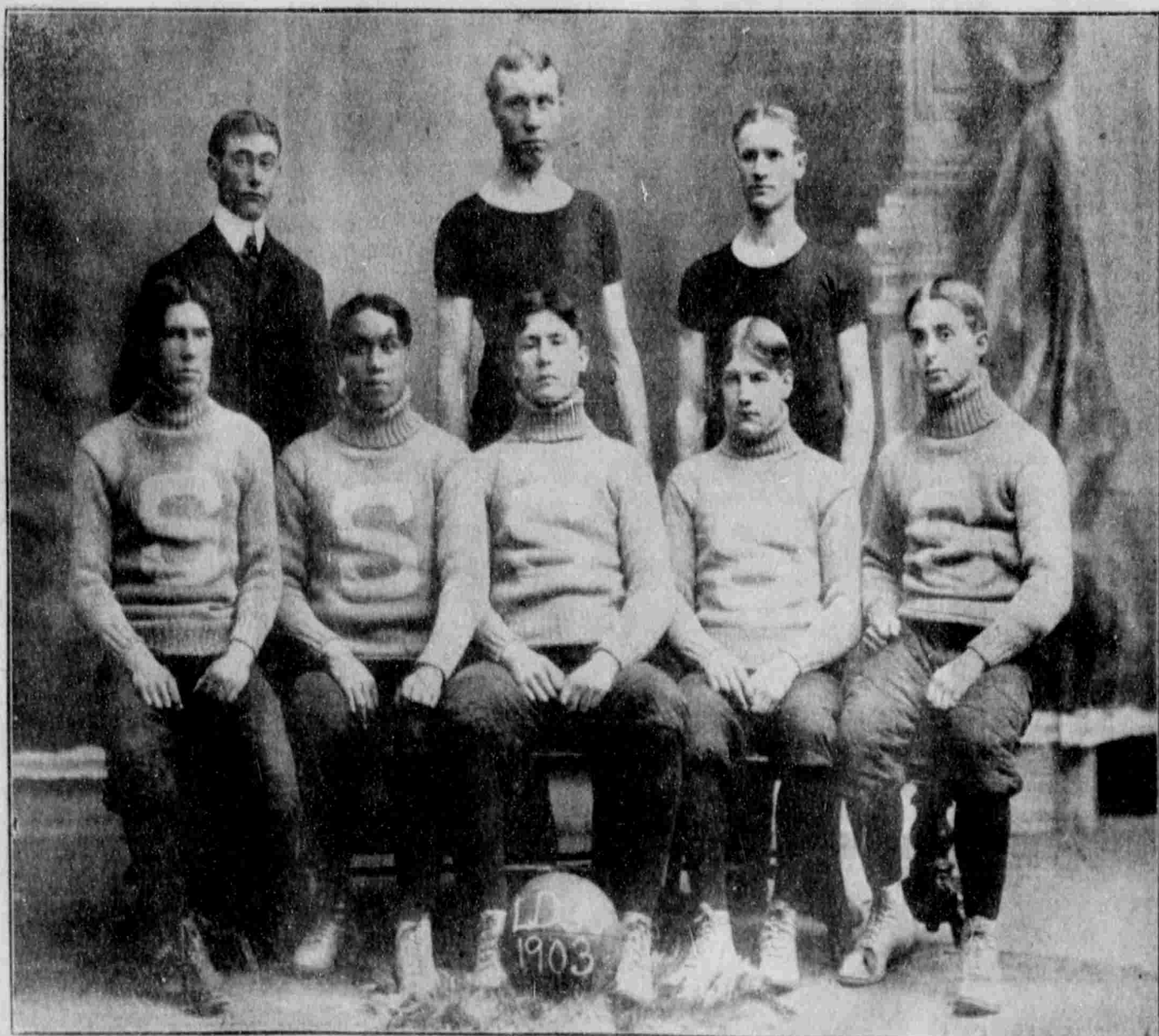
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The players shown above are only in part the same team that, as state champions, last year won every game they played. The change in some of the players and the fact that five or six other teams of this city and state are now preparing to contest with the former champions, puts the championship in doubt for the coming season, although the champions have already won the first game.

A league of basketball players has been formed in this city, for the purpose of playing a series of games for the city championship, including the special prize offered by Mr. McConahay, a silver goblet, which is to go to the winners. The league is composed of the L. D. S. university team, the Y. M. C. A. team, the Woodmen of the World and the Salt Lake. The games will be played every Thursday evening at 8 o'clock in the gymnasium of the L. D. S. university. This fall has been especially arranged for the accommodation of spectators to witness the contests. Balcony seats for nearly 500 persons have been built and the hall is provided with a steam heat and electric lights. The various teams are getting into fine practice and a series of interesting games is now assured for the season.