### MONEY CANNOT BE CORNERED-MORGAN

Financier Tells Committee Abuse of Power Means Loss Without Recourse.

CREDITS ARE "PERSONAL"

Loan to Wrong Man Would Be Cancelled, Even Though It Was Secured by United States Bonds, Is Declaration.

(Continued From Pirst Page.)

"I am not seeking it, either." "This consolidation and amalgama tion of systems and industries and hanks does not look to any concentration does it?" asked Mr. Untermyer, with a smile.

"No, sir." answered the witness. "It is for the purpose of concentrating the interests that you do amalgamate, is it not?"

"If it is good business for the interests of the country to do it, I do it." "But, Mr. Morgan, is not a man likequite subconsciously, to imagine

that things are for the interests of the country when they are good business? "You think that you are able justly and impartially to differentiate where your own interests are concerned just

as clearly as though you had no interest at stake, do you?" continued Mr.

What is your question?"

That the wish to bring these inter-cats together may lead you to believe the country is not injured by that sort of concentration."

"Yes."
"And you say that so far as the control of the credit is concerned they cannot do the same thing?"
"Of money, no they cannot control it," said Mr. Morgan. the basis of money control. control of money, does it not?" he

a man controlled the credit of a "Sometimes they come pretty near said Mr. Untermyer, said Mr. Untermyer, "No. sir parents

"He might have that view," retorted the financier, "but he would not have the money. If he had the credit and I had the money, his customer would "I do, but the number of directors be hadded."

I had the money, his customer would be badly off."

Mr. Morgan again declared that money could not be controlled. He added that many men had great credit who had no money.

"Is it not because it is believed they have money back of them?" asked Mr. Untermyer.

"No, sir, it is because people believe in the man. I have known a man to come into my office and I have given him a check for \$1.000,600, when I knew he had not a cent in the world."

Mr. Morgan was led at some length into a statement of his views on combination and concentration of financial affairs. Mr. Morgan reiterated that

"I want to control nothing." retorted the financier.
"There is no way one man can get a monopoly on money?" asked Mr. Un-

"Yes."

"I wanted to know whether, if you controlled all those banks and a competitor came along or a potential competitor, who wanted to compete, whether he would get the money from these banks you control?" asked Mr.

Competitor Could Get Money. "Yes, he would," replied the finan-

cier.

"Some other man who might control might not take the view you have." suggested the lawyer.

"He would not have the control," re-

plied Mr. Morgan.
"Your idea is that when a man has at a rast power, such as you have-us admit you have, do you not?" "I do not know it, sir."

"You admit you have, do you not?"
"I do not think I have," said Mr. Morgan. "You do not feel it at all?" asked Mr.

Untermyer.
"No. I do not feel it at all," replied

CAMERA STUDIES OF WORLD'S FINANCIAL KING, WHO STARRED AS WITNESS IN MONEY TRUST PROBE.



"You admit, do you not, that men

Competition Is Preferred, "No." said Mr. Morgan. "What I call money is the basis of banking."

"But the basis of banking is credit, is it not?"

Money is Gold—Nothing Else.

"Not always," said the witness.
"That is an ovidence of banking, but it is not the money itself. The money is a not the money itself. The money is a not the money is not the control of the

"It would rather have competition.

That is an evidence of banking, but it is not the money itself. The money is gold—and nothing else."
Out of the discussion that followed. Mr. Untermyer drew the fact that comparatively little money exists for the paratively little money exists for the vast supperstructure of credit which it supports.

"If you had the control of all that represents the assets in the banks of New York, you would have control of all that money," he suggested.

"If would rather have competition. After ascertaining the number of service, American Press Association and Montauk Studio.

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"We do not bother ourselves much about that. They look after themselves."

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"We do members of your firm, is some instances three members of your firm and in some instances three members of your firm and in some instances three members of your firm and in some instances three members of your firm are directors, are your firm, and in some instances three members of your firm and in some instances three members of your firm and in some instances three members of your firm are directors, are your firm are directors, are your firm are directors, are your

"I do, but the number of directors is very small in proportion to them all,"

"I do not." said Mr. Morgan.
"Do you see nothing improper in having the same men looking into one

inflairs. Mr. Morgan reiterated that having the same men looking into one was an advocate of combination and co-operation. although he did not object to the competition. "Without you have control," he said, "you cannot do anything."

"Is that the reason you want to control everything?" asked Mr. Unterweet.

"It is the duty of a director to know what is going on in his bank, is it not?",

"It is the duty of a director to know what is going on in his bank, is it not?", "But a general director does not know. He does not see the books," Mr. Morgan said. Mr. Morgan said.

Mr. Morgan insisted that without actual control of directorates inter-

actual control of directorates interlocked directors held no power.

"You take three banks." he said.
"and then take three men and put
them in each of these banks. In one
bank they are three out of the 25; in
another they are three out of 20; in
another they are three out of 10, if
you like."

"If you owned all the banks of New"
"Rut suppose you have named all

another they are three out of 10, if you do do it."

"If you wend all the banks of New York, with all their resources, would you not come pretty near having a control of credit?" asked Mr. Untermyer.

"Ne, sir; not at all."

"Suppose you owned all the banks and trust companies, or controlled them, and somebody wanted to start up in the steel business against the United States Steel Corporation and wanted a vast amount of capital and it was a good business, New York would be the natural market for money, would it not?"

"Yes."

"I wanted to know whether, if you controlled all those banks and a competitor, who wanted to compete, whether he would get the money from these banks you control?" asked Mr. Untermyer.

another they are three out of 10, if you like."

"But suppose you have named all the other directors," said Mr. Untermyer, "suppose you have a voting trust, and you have under the power given by that voting trust named the whole board, as had been done in these iwo cases of the Guaranty Trust and the Bankers' Trust."

"I am not talking about voting trusts now; I am passing now upon the question of three directors who go into three directors—and I have been in a good many corporations—I defy any man to go into one of those boards, even myself—I will say that for the sake of argument—I do not believe I could carry any one question through any board that I was a director of against the views of the directors."

Untermyer.

Majority Declared Essential.

"Is that all you wanted to say?" "On the contrary, I have a great quantity of cases where I could bring in proofs of it. There is no question of control, unless you have not a majority of the directors, in all banks," said Mr. Morgan with emphasis. said Mr. Morgan with emphasis.

Early in his testimony Mr. Morgan was lead by Mr. Untermyer into a discussion of the various banks in which members of the firm of J. P. Morgan & Co. appear as alrectors.

"You do not watch the details as to the management of any of these banks do you?" he asked.

"No."

"You do not feel it at all?" asked Mr.
niermyer.
"No. I do not feel it at all." replied
to banker.
"Well, assuming that you had it,
sur idea is that when a man abuses
he loses it?"
"Yes, and he never gets it back

The loses it."
"Yes, and he never gets it back

The lower."

"Yes, and he never gets it back

"No."
"Who attends to the questions of
management that come up with respect to these banks with which you
are ideified in your firm?

"Any one of the firm."
"Any one who happens to know
about that particular business." asked
the lawyer.

"Yes," replied Mr. Morgan.
"You are doing everything you can



"In the protection of that large in-terest do you not look after the banks

at all?" asked Mr. Untermyer. "Not to any extent." "It takes the time of your partners,

"Yes; I have already remarked on that a great many times. It takes too "But still they remain there, do they

"And when they are there I suppose they do their utmost to add to the prosperity of the institution?"
"They always do that, I hope."
"That is what they are there for?" "That is what they are there for," agreed Mr. Morgan.

The general subject of the power and privileges of "voting trusts" hold-ing the stock of corporations elicited a long discussion, in the course of which Mr. Untermyer got into the records statements regarding a series of trusts held by members of the firm of Morgan & Co. for years.

"Can you name any Instance in which the board of directors in these various voting trusts has undergone any considerable change after the expiration of the voting trust from the way in which it was constituted under the voting trust, except that where deaths occur the vacancles were filled?

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"You think they generally continue the same board?" "Yes, they are generally pretty well satisfied with what they do."

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zing a company we employ that meth od-so that it can be protected," said

od—so that it can be protected, said
Mr. Morgan
Mr. Morgan had Mr. Untermyer read
into the records the report of the voting frustees of the Reading Railroad
Company, made in 1904, when the trustees surrendered the company to the
stockholders.
Mr. Untermyer read the figures show-

Mr. Untermyer read the figures show

Mr. Untermyer read the figures showing the prosperity voting trustees had brought to the Reading.

"How much has the price of coal been raised?" asked Mr. Untermyer.

Mr. Morgan said he did not know,

"You do not know how much the Reading has increased the price of coal to secure this prosperity?" asked Mr. Untermyer.

"No, I do not know what the price has been," said Mr. Morgan. "The idea is that a voting trust is a necessity to a big company in its infancy, in order to protect the company."

to protect the company."
Mr. Untermyer asked whether Mr.
Morgan thought competition among
banks or concentration would be bet-

'I'd rather have competition," replied Mr. Morgan when pressed for an an-

He said he thought several men could be directors in different banks and competition still be maintained be-tween the bankers. He added that he did not believe any one man should run a great enterprise.

"Don't you run your firm?"
"No, I do not."
He said he did not favor one man control of great enterprises of any kind, even railroads.
"You believe in concentrated powers" asked Mr. Untermyer.
"Well, that is a question of personal power—of personality," replied Mr. Morgan.

securities also was taken up.

These issues of securities of interstate rallway companies are in vast sums, are they not, running into the hundreds of millions of dollars a year—many hundreds of millions of dollars. "Yes, sir," answered Mr. Morgan.
"For the different companies you is-

sue many, many hundred millions a year, do you not?" Yes, sir.

"Do you not think it would be en-tirely feasible that securities of such corporations should be openly market-(Concluded on Page 18.)

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"Who?" asked Mr. Untermyer.

"The stockholders, sir."

"Have you ever known an instance in the history of corporations in this country where the stock was largely scattered in which the stockholders, however dissatisfied, have ever succeeded in procuring a change of management?"

"I do not recall any at the moment."

"Is it not true that in this country,

"I do not recall any at the moment."

"Is it not true that in this country, unlike other countries, it is difficult to get the stockholders to take any active interest in their companies?"

"That is very true. That is the reason why a voting trust is so desirable." said Mr. Morgan.

"That is the reason of this paternalism on the part of the financial gentlemen who reorganize the company?" asked the lawyer.

"That is the reason why in reorgan
"That is the reason why in reorgan-

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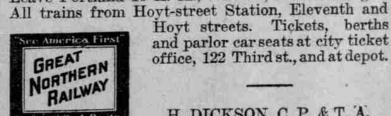
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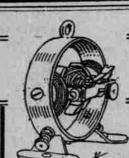
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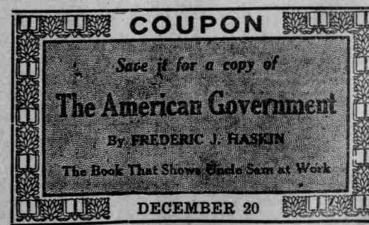
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