

THE OREGON DAILY JOURNAL

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OFFICIAL PAPER OF THE CITY OF PORTLAND

THE JOURNAL'S PLATFORM

First—Deepen the Columbia river bar. Second—Open the Columbia river to unimpeded navigation at and above The Dalles. Third—Dig an Isthmian canal.

A GOOD YEAR PAST, A BETTER ONE HERE

MATERIALLY SPEAKING Portland and the whole Oregon country can bid good-bye to the year just past as the most notable in all their history.

The two most conspicuous and far-reaching events of the year were the beginning of work on the jetty at the mouth of the river and the appropriation of \$100,000 by the legislature to secure and turn over to the general government the right of way for The Dalles-Cello canal.

If the year just closed marked no other events of magnitude these two would reasonably fill the measure of our expectation. Clearing the upper river to unobstructed navigation insures cheap transportation clear to the ocean; a deep outlet there means a stimulation to our commerce, a broadening of our commercial influence, an extension of our markets for the varied products of one of the very richest sections upon which the flag floats.

With the river freely open to the commerce of the world, with the activity in railroad building now in sight and that which soon must come, forced by the changed conditions, the Oregon country almost at a leap will take its place in the very forefront of the greatest states of the American nation.

THE REAWAKENING OF CHINA.

MISS SCIDMORE, a brilliant and experienced correspondent who is revisiting the Oriental countries after an absence of four years, is now writing a series of letters for the Chicago Tribune, some of which The Journal has had the pleasure of reprinting.

From these letters it appears that the Boxer troubles have set in motion an extraordinary spirit of activity which has found vent in the modernization, almost beyond

belief of the Chinese capital. While the advancement of Japan has been a revelation to the world, it is evident that the same spirit which worked such marvels in the land of the Mikado is rapidly operating to produce the same astonishing results in the Flowery Kingdom.

Measured for long centuries by itself, China in its profound egotism believed itself to be the most powerful nation on earth, abundantly able to hold its own and to wipe all the "foreign devils" off the face of the globe.

The burden of the coming onslaught between Russia and Japan must fall on Japan but in the outcome of the struggle China is even more deeply interested than its Mongolian neighbor.

If the struggle begins China in self defense must cast its fortunes with Japan, no matter what outward pretense of aloofness it may see fit to make for the sake of appearances.

A MANIFEST DUTY.

WHILE a horror like that of the Iroquois theatre fire in Chicago may suggest new ways through which such calamities may be averted in the future it is a remarkable fact that in nearly every case on record some responsibility for such accidents may always be traced to the non-enforcement of the laws that already exist.

While it is well, as Mayor Harrison suggests, not to grieve hysterical even in the face of this awful calamity, nevertheless the public duty is plain to rigidly probe the matter to the very bottom, if for no other reason than for its practical bearing on the general subject of theatres now in existence and the enforcement of such new rules as common sense, experience and genuine investigation, quickened by the horror of this disaster, may suggest and intelligent public opinion approve.

The world never learns in the easiest way; it is only the lessons learned in the hard school of experience and adversity which leave a lasting impression. The price paid in Chicago is an awful one but if it shall lead to a thorough municipal house cleaning all over the country, if each community will bring the awful lesson home to itself and take such steps as will lessen the chances of such calamities in the future, the unfortunate victims will not have died in vain and out of the evil and horror of their death may yet come good.

HOW M'ADOO HELPED ROOSEVELT.

Overcame Long's Objections, It is Said, and Obtained Place for Him.

From the New York World. How William McAdoo, the new police commissioner, practically made Theodore Roosevelt president of the United States was one of the stories told yesterday at city hall by an official. He said that the facts came from a justice of the supreme court.

Mr. McAdoo was assistant secretary of the navy under President Cleveland and when President McKinley was inaugurated John D. Long became secretary of the navy.

Mr. Long looked into Mr. McAdoo's record and found that he had made a great reputation for efficiency. Secretary Long, according to the story, asked him as a personal favor to continue as his assistant.

Mr. McAdoo said that while it would give him great satisfaction to accommodate Mr. Long, he was afraid the plan would not do.

"I am a Democrat," he said, "and as first assistant would have to act as secretary in your absence. It is doubtful if the people would care to give me their confidence if I should do so as you."

Senator Henry Cabot Lodge, who was very anxious that Mr. Roosevelt, then police commissioner of this city, get the place, heard of Mr. McAdoo's objection. He suggested Mr. Roosevelt's name to Mr. Long. The secretary was prompt to say no.

"He's too hasty, too impulsive; he would get me into all sorts of trouble." "But he is all energy and has great executive ability," persisted Mr. Lodge.

"Well, I'll ask McAdoo about it," was the way the secretary put Mr. Lodge off.

Mr. McAdoo was consulted. He not only favored Mr. Roosevelt's appointment, but worked for it, and was successful in overcoming Mr. Long's objections.

"That was Mr. Roosevelt's change," concluded the official who told the story, "and how he took it and what it led to is history."

Reflections of a Bachelor.

From the New York Press. Christmas breaks up but once a year. A man can have his legs cut off and walk on crutches, but when he gets married he cannot be repaired.

The only thing that is prouder than a youth who takes his first shave is the school girl who first discovers it.

It is easier for a camel to go through the eye of a needle than for any one to go through the pockets of a rich man.

Quite the Customary Thing.

From the Boston Herald. So far as heard from, each and every one of the accused postal officials has proclaimed his innocence and denounced his accusers. This is the usual procedure in such cases.

The Prosperous Northwest Seen by Eastern Eyes

Walter Wellman's Washington Letter.

What is the standard of opinion in the great Northwest? During a recent tour of that region, embracing Michigan, Indiana, Illinois, Wisconsin, Iowa and Minnesota, my correspondent

The most noticeable of all conditions at the present time in the great West is the almost undiminished continuance of the high tide of prosperity. Broadly speaking, there has been no falling off in the volume of business, the farmers are getting more money than ever before, the employed workmen are getting more wages. Railroad earnings throughout the West average higher than a year ago at this time by from 5 to 12 per cent.

What is true of the agricultural countries is true also of the cities and towns in which there are manufacturing and commercial interests. In fact, money is abundant everywhere, and all classes of people are pleased in the prosperity.

There is no doubt of President Roosevelt's great popularity in the Northwest. Everywhere I have been I found that he is admired by men of both parties. In many places they tell me he is more popular even than McKinley was.

Probably the best thing that ever happened for Mr. Roosevelt was the war of the New York trusts upon him. The president's popularity has visibly increased since exposure was made of the efforts of the Wall street syndicate to secure a pledge from him as to the future.

Next to President Roosevelt, Senator Hanna is without doubt the most popular Republican among the western people. Hanna has grown amazingly in public esteem in the last two or three years.

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The True Inwardness of the Ship Building Trust Scandal

From the New York World.

1. What was the shipbuilding trust? It was a combination of shipyards scattered in several states between Maine and California. Some of these, like the Union Iron works in San Francisco, and the Bath Iron works in Maine, were valuable.

2. What was the trust's worth, and what was its capital? It is hard to answer offhand. It is said to have been "promoted" and "liquidated" for nearly \$50,000,000, and that the assets of the combined companies were worth only \$12,500,000.

3. Who got the swag? Fortunately no one got very much. The public did not freely buy the stock. If it had done so it would have enabled the trust-makers to "unload." Mr. Max Pan could have sold his \$1,000,000 assigned to him for "services," the millionaires who had been "promoted" abroad could have been turned into gold, and Mr. Schwab's little commission of \$15,000,000 for turning over to a plant whose debts were equal to its physical value would have meant millions in profits.

4. What was Schwab's real share in the scandal? He himself describes it, he had no original part in forming the trust, but saw in it a purchaser for the Bethlehem works, which he had contracted to purchase for \$7,500,000. These he resold to the trust for \$10,000,000 in bonds, \$10,000,000 in preferred stock and \$10,000,000 in common stock, surrendering \$5,000,000 of the stock to J. P. Morgan & Co. If he had sold his remaining stock for \$6,750,000 in cash, as contemplated, he would still have had in the bonds a mortgage not only on Bethlehem but on all the other plants in the trust for \$2,500,000 more than Bethlehem had cost him—say a cash profit in all of \$4,500,000.

5. Did Mr. Schwab sell his stock? No. It was just at the end of the period of inflation and trust-making had been overdone. But he had no notion of holding it as an investment. He did try to sell it. He made a contract in 1902 with the trust to sell \$1,000,000 of the stock to J. P. Morgan & Co. If he had sold his remaining stock for \$6,750,000 in cash, as contemplated, he would still have had in the bonds a mortgage not only on Bethlehem but on all the other plants in the trust for \$2,500,000 more than Bethlehem had cost him—say a cash profit in all of \$4,500,000.

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sold the Bethlehem to the Shipbuilding company Mr. Alexander wrote: "I hear that Morgans are giving us tremendous commissions in London. The New York Morgan firm, the parent house, also sent this cablegram to Morgan, Harjes & Co. in Paris: "C. M. Schwab and his friends are interested in the new Shipbuilding company here and will be glad to have you take a cordial view of it as is consistent."

The Trust Company of the Republic in announcing this cablegram to Mr. Young in Paris said: "Morgan has sent strong cable Harjes' (his partner).

7. But how came J. P. Morgan & Co. to have \$5,000,000 of stock to sell? When Schwab bought Bethlehem, or rather agreed to buy it, he was using the present name of the steel trust. A real concern, he told the Morgan firm of his purchase contract and offered them the works for the steel trust—offered, as he phrases it, to turn over the works to the steel trust without profit, but stipulated that if they should buy the trust, he should be entitled to the greater part of any profit. He did get the "greater part" of the expected profit—three-fourths of the stock and all the bonds. The \$5,000,000 held by Morgan & Co. were afterwards sold to Schwab for \$7,500,000, which was turned over to the steel syndicate—not to the steel trust, but to the group of wealthy bankers who "underwrote" it. The Morgan firm denies having authorized Schwab to make the selling agreement with Harjes, Gates & Co., but they were nevertheless named as beneficiaries in the contract.

8. What did Young and Alexander do? To place with European capitalists \$5,000,000 in bonds of the shipbuilding company, John W. Young, described by Mr. Alexander as a "more promoter such as Mr. Morgan constantly used in New York," was sent to Paris. Great capitalists there, however, proved "seriously skeptical" and the "more promoter" got into difficulties, which Mr. Alexander, an eminent lawyer and a much more important man, undertook to straighten out. The result was the extraordinary collection of letters and telegrams which the World has been publishing before the public. In them Mr. Alexander wrote his own story of his doings there. His arduous toil was complicated by the fact that the Trust Company of the Republic had called that the bond issue in New York was "a success." It was not. However, Mr. Alexander explained to the Parisians "that it was the general custom in New York to declare all issues a success and peddle the bonds afterward."

9. Who were the Paris subscribers? Alexander in his letters explains that they were not bankers but private investors. He tells how he told Young he "must eat humble pie and make his peace with Rogiat;" how he "sat at dinner" with the Viscount de Darnidigne, a stockholder in the Union Iron Works, who didn't want to sell her stock because she didn't know where to invest the money; how he suggested that "perhaps Scott would make her an offer in the securities of the new company;" how he "cranked" himself up to the financial reliability of the Schreyers by talking with the notary who "had drawn all the marriage contracts" for the family; how he told wary purchasers that his secretary "had told me as to his having heard from some one that J. P. Morgan had taken some of the bonds, which greatly excited them; how he learned that Baron Rogiat's wife had come to town and "put him in funds;" how he heard that Schreyer had "a million dollars belonging to one old woman to whom he had sold his discretion;" how "Young Mr. Harjes" described variously as a "stupid boy" and "crank" by the Viscount de Darnidigne, which would prove him neither stupid nor crank;—and how all Mr. Alexander's negotiations finally failed.

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15. Who was the real author of the trust? Whose mind conceived it? It is hard to say. Not Drexler's surely. The former president of the Trust Company of the Republic, who on the stand testified "I was a banker; I am a bankrupt," was a very busy man. Not Morgan's, which was really upon ship-building bent. He also was busy. Not Schwab's, keen but rather rudimentary organ of thought. Whose, then? Whose was the "brain" that conceived the name of a very remarkable person—a veritable Mephistopheles of high finance—will be known to a wondering world.

16. How was the Morgan firm involved? The Paris house of the firm did not at first endorse or recommend the Shipbuilding company's securities. But it was afterwards made transfer agent of the cash to be paid in by the French subscribers, and then Mr. Alexander wrote: "I got a pledge from the Drexler & Co. to sell \$1,000,000 of stock for Morgan & Co. that everything good should be said of the enterprise." And two days after J. P. Morgan & Co. had

17. What was Schwab's real share in the scandal? He himself describes it, he had no original part in forming the trust, but saw in it a purchaser for the Bethlehem works, which he had contracted to purchase for \$7,500,000. These he resold to the trust for \$10,000,000 in bonds, \$10,000,000 in preferred stock and \$10,000,000 in common stock, surrendering \$5,000,000 of the stock to J. P. Morgan & Co. If he had sold his remaining stock for \$6,750,000 in cash, as contemplated, he would still have had in the bonds a mortgage not only on Bethlehem but on all the other plants in the trust for \$2,500,000 more than Bethlehem had cost him—say a cash profit in all of \$4,500,000.

18. Who got the swag? Fortunately no one got very much. The public did not freely buy the stock. If it had done so it would have enabled the trust-makers to "unload." Mr. Max Pan could have sold his \$1,000,000 assigned to him for "services," the millionaires who had been "promoted" abroad could have been turned into gold, and Mr. Schwab's little commission of \$15,000,000