

brought on by drawing his salary, and panic-stricken boards of directors will be scouring in every direction looking for men of training and energy and intellect to take up these great business responsibilities and go forward with the work of the modern world. If I could get the ear of the young men of the United States I would say to them that there was never a minute in the history of the human race when a man taken by himself stood as much and when a dollar taken by itself stood for as little as it does today.

I call your attention to this statement. I think it describes an authentic case of the evolution of business.

This firm was established in 1852, and still exists with its original partners. Moreover, it has now under its control and its ownership more cotton manufacturing machinery than was ever owned by any business house or corporation in the world. Robert Knight, the younger brother, was the first to become interested in manufacturing. He was born in 1828. He began work at the age of 8 years in the Cranston Print Works, and from the age of 10 to 17 was employed in a cotton mill in Coventry. Then followed a period of study at an academy, a short session as a teacher, and a time of employment as a clerk.

In 1850 he purchased, with Zachariah Parker, a mill in Warwick, which they had been operating on lease for four years so successfully that they had, during that time, earned the purchase money, \$40,000; in 1861 he bought out his partner, and in 1852 sold one-half to his elder brother, Benjamin B. Knight. The partnership then formed has remained unchanged. Benjamin Knight, was born in 1813. Like his brother, was employed for a time in the Cranston Print Works, but then became a clerk, and began business on his own account soon after coming of age. He was a successful merchant at Providence when he first engaged in manufacturing. The brothers brought great skill and good judgment to their enterprise, and have steadily enlarged the field of their operations.

Their first purchase was a mill at Hebronville, in Attleboro, Mass., and their next one was one at Dodgeville, in the same town. Since then they have come into possession of the Grant Mill, at Providence; the Manchong, in Sutton, Mass.; the White-rock, at Westerly, R. I.; the Clinton, at Woonsocket; the Jackson and Pliskville at Scituate, and the Readville, at Hyde Park, Mass.; and they own almost 200,000 spindles in the town of Warwick, in six large mills. These last-named mills were a part of the Sprague estate, and were purchased from the trustee of the estate in 1883. At present the Knights own in all more than 400,000 spindles, of which about 300,000 are in Rhode Island and the rest in Massachusetts.

Actual Industrial Growth vs. Fiction.
If two boys beginning life as common hands in a cotton mill can acquire and build up their own names such a business as that, without harm to any public interest, who shall say that a corporation, with shareholders scattered all over the country, could not do the same thing? The wagon works at South Bend, Ind., date back to a little blacksmith shop on the edge of the woods at Ashland, Ohio, where my colleague, the senior senator from Iowa, as a boy used to watch the old father of the Studebaker Brothers working at his forge shoeing horses and setting tires on the tumble-down vehicles of that frontier village of 50 years ago.

Today his children and grandchildren control a corporation with millions of capital, occupying 90 acres of land, with thirty substantial buildings, in which thousands of well-paid American workmen are turning out carriages fit for the luxury of kings, and wagons which are helping to do the work of the whole armies in war. That looks to me like an evolution of business, and I have sought in vain for somebody to fix the exact point between that little blacksmith shop yonder on the edge of the woods, at Ashland, and these palaces of modern American industry at which the safety of society requires the intervention of the politicians.

The union of two or more establishments in one, whether effected by one of them buying the others out or by a third absorbing them all would be, so far as the public is concerned, a matter of comparative indifference if the obligations left outstanding in the process correspond, in an economic sense, to the combined assets; and the most flagrant offense of many existing trust organizations lies in the fact that they have appeared in the market place bearing the burden of fictitious liabilities supported by an inventory of imaginary property. Comparatively few of them have added anything to the actual capital which they found invested or made a substantial contribution to the working instrumentalities of industry. They have as a rule taken over plants already in operation and in many cases

encumbered them in advance so far beyond their value as to make the Jays of combination few and full of trouble.

Dividends the Only Test of Success.
It has been for a generation regarded as an axiomatic that of the earnings of a railroad system a sum approaching one-half must be used to improve the property and fortify its resources against the evil day. On that principle the Pennsylvania Railroad company has won the confidence of the financial world, and what has been true of it has been in a large measure true also of the well-managed railroad properties east and west. But a railroad system, for reasons arising out of the very character of its traffic, is not subject to those sudden fluctuations which are likely to beset an ordinary industrial enterprise. The Midvale Steel company worked wisely toward a dividend basis for ten years before it paid one. How, then, shall these shabby creations of the market place, with half their capitalization representing nothing beyond the pleasure of hope, bound by every consideration of good faith to produce dividends from the start whether the stock represents anything or not, observe the precautions everywhere known to be essential for the preservation of their tangible assets and for that reinforcement of their reserve which is required to meet the exigencies of their business.

That they have not been able to do so, or at least that they have not done so, is shown by the fact that the average sum carried to the reserve account, taking all the trusts whose reports are accessible to the public, is only 3.2 per cent of the outstanding capital, the permanent value of which it is intended to secure. Andrew Carnegie did not become the Ironmaster of the world by fixing prices and limiting output in times of depression. He followed the fortunes of the market place even though in the last ten years of his business life he had to wade through balance sheets fluctuating all the way from three to forty millions of dollars.

Certain Cures Worse Than Disease.
It is a favorite theory that the trusts depend for their life upon the effect of the tariff law mitigating the pressure of foreign competition upon the industries which employ our own labor, and that, therefore, free trade in trust-made goods would kill the trusts. I confess that I do not see how any man can contemplate such a remedy without at least a grave apprehension that disasters may be invited worse than the disease. I never hear that simple panacea for the trusts recommended without thinking of the advertising card of a traveling doctor, which I picked up the other day in a country hotel. It reads:

O. P. Vanderman, specialist in rheumatism and neuralgia. A sure cure in its most aggravated form.

I do not deny that free trade may be counted upon with reasonable certainty to cripple, if not to destroy, almost any industry which it come in contact with. The whole world seems to understand that, for as we enter upon our Presidential campaign the ministers of the English crown, awakened by the decay of the ancient crafts of the kingdom, are preparing an appeal to the people for a revision of those sacred acts of Parliament which in the course of 10 years have left the empire commercially dismembered and the home market itself glutted by the remnant sales of other nations.

Therefore even if it could be shown that a trust has absorbed any given field of production, I would not counsel my countrymen to turn that field over to foreign countries for the purpose of exterminating that trust, for even if American capital has been so managed as to forfeit the consideration of our laws, the employment and wages of the American labor have still their claim upon the attention and good will of our government.

There is only one sense in which the protective tariff can be held responsible for the trusts, and that is, that without protective tariff there would have been fewer industries to combine and therefore fewer combinations. Further than that, the protective tariff has created the conditions, that unprecedented circulation of money in the hands of the people, without which the trust securities of our times could not have been even partly digested. So uniformly has the approach of our tariff law to the basis of free trade been accompanied by national poverty that its acceptance now might safely be relied upon to induce conditions which would effectually discourage the trust movement.

Seeing then, that the protective tariff is responsible for the existence of some of the industries which have been organized into trusts and at the same time for the reintroduction among our people of the general use of money, without which these venturesome exploits of modern business would not have attracted at-

tention, is it asking too much of the American people that they inquire with some care into that remedy for the abuses of the trust system which the protective tariff provides? For while it is true that out of the abundance of capital incident to these seven years of plenty the opportunity of the trust organizer has arisen, it is also true that this very abundance of capital in search of employment, offering itself in a market place where the law of competition has been fighting for its life, has completely vindicated the whole doctrine of protection.

National Salt, A Trust That Failed.

Let us contrast for a moment the remedy of free trade with the remedy of protection in the case of some well-known American trusts. We may take up for example the National Salt company. The National Salt company commonly called the salt trust, was organized in the spring of 1899, and within a year had sufficiently monopolized the salt business of the country east of the Rocky Mountains to claim in its published reports 94 per cent of the entire output of evaporated salt. It started out with a capital stock of \$12,000,000, five millions preferred, seven millions common, all of it very damp. It had to do business in a market place protected by a tariff law which for over a century had operated to invite independent capital to embark in the industry; and the question the trust had to face was this: Would its size, its pretensions to monopoly, the mere swagger of its intoxicated capital prevent others from seeking the profits of that business?

In a sense the National Salt company put the protective tariff system on trial. Less than five years have passed, but already the theory of protection has come out of that trial perfectly vindicated by the unanswerable finding of the market place. The salt industry does not require an exorbitant investment to carry it on with success; money sufficient to bore a hole in the ground and buy fuel enough to pump the water and heat is all that is needed to start a salt factory wherever salt deposits are found. Is it any wonder, therefore, that the National Salt company should have been compelled to add a new department to its business? A purchasing agent, to buy off competition; a performance so continuous that according to the decree of the court of equity that listened to their tale of woe in the state which gave them their charter, it reduced them from apparent solvency to unquestionable bankruptcy within a few months—liabilities one million five hundred thousand; assets three hundred thousand barrels of wet salt.

To complete this comedy of mismanagement, we are not surprised to see new promoters and new syndicates coming forward to gather up the remains, under the high-sounding name of "International Salt company," with vague plans and specifications for bringing under one control the salt works of Canada, Italy, Spain and Great Britain, as well as of our own country. It is astounding that a sane man could be found, after the Lord has graciously located a reservoir of salt under the whole earth and an ocean of brine all around it, to give countenance to a proposition to supply the whole world with such a necessity of life, under the auspices of an international corporation which starts out with a bogus capital of \$42,000,000 a large portion of it set apart for the profit of an underwriting syndicate, and its visible resources pre-empted by an indebtedness of \$12,000,000, with neither a provision nor a prospect for even a preliminary payment of interest.

If there is room in our market place for a project like that, why did the Post Office department issue a fraud order against the amiable clergyman who bodied a bushel of pumpkin seeds and began a profitable business career by advertising that while in the Holy Land he had secured a limited number of seeds of the gourd mentioned in Sacred Writ and was willing to distribute them to devout persons at a dollar apiece?

No Unlimited Coinage of the Air.
I insert a study of industrial statistics made for the end of the year summary by Mr. Luther Comant, Jr., financial editor of the New York Journal of Commerce. This writer says:

It was evident by the end of 1902 that a decided check had been given to the industrial consolidation movement, and during the past year the organization of these so-called "trusts" was restricted to a total which appears insignificant by comparison with the returns of preceding years.

The pronounced halt in this consolidation of industrial properties during the year 1903 may be appreciated from the fact that from a total capitalization of more than \$2,800,000,000 in 1901—this including the \$1,400,000,000 Steel Trust—there has been a drop in the year now ending to less than \$430,000,000, this figure including a

\$100,000,000 increase in the authorized capital of the American Telephone and Telegraph company.

What do these figures mean? They write the doom of the speculative trust system; they mean that an actual dollar is more than a match for an imaginary one—that the modest, unobtrusive coinage of the realm has nothing to dread from the free and unlimited coinage of the air. Already the market place is strewn with the remains of arrogant institutions which five years ago pushed honest men off the sidewalks as they opened their books for the accommodation of the restless and buoyant throngs. Glance at the proceedings of the courts and watch the lawyers picking the bones of corporations that five years ago were ostentatiously giving tips to investors with half-jeffed ambitions to own the earth. It is the first of January. What is the governor of New Jersey doing yonder at Trenton? He is crossing off the books of that thrifty and hospitable commonwealth the names of scores of preposterous consolidations, illustrating all types of mental and moral hallucinations—thrusting them out into a cold world for the non-payment of dues.

Capital vs. Capitalization.

Open the Wall Street Journal for October 26, 1903, and read for yourselves the bloodless verdict of the market place against the modern American trust system. It indicates the present lost condition of 100 corporations whose stocks are dealt in on the New York Exchange, taking no account of those which are too little or too feeble to make their way from the curb to the headquarters.

It shows a shrinkage in these better class shares of nearly two thousand millions of dollars. That is to say, a loss of more than 43 per cent of their advertised value. Is it any wonder that even the best of the industrial shares are under suspicion, since the public discovered that with conditions exceptionally favorable less than 50 per cent of the total trust capitalization has ever paid any dividend at all? When stocks which have never failed to make a show of 7 per cent per annum settle down between 20 and 60 cents on the dollar, what is likely to become of the miscellaneous assortment of speculative investments which have never been able to draw a full breath in their lives?

We will quit talking one way about the conflict between capital and labor, for we all join in the hope that they are on the way toward a better understanding, even toward a treaty of permanent peace. But there is a conflict in which there can be no truce—the conflict between capital and capitalization—the earnings and the savings of labor against the coalition of the promoters and the engravers. We do not need to call the Old World to take the fight off of our hands. Independent American enterprise is equal to the strategy of our commercial defense.

A victory over the trusts won by enlisting the armies of the aliens against them is not an American victory. Such a victory would prostrate our market place in inconceivable disaster, in the midst of which labor and capital would suffer a common affliction. The victory which we seek—the only victory that can be of any value to the industrious millions of our people—is the victory of our own capital, fighting its battle under the protection of our own laws and sharing the fruits of its achievements with our own market place.

Certain Delusions and Certain Facts.

The experience through which we are passing has not, of course, been without its depressing effect upon business and commerce. But if the prosperity of our people were an artificial thing—of the American market place were not founded upon a rock—how could it have stood when these winds blew and these rains descended and these floods came?

The process of stripping the uniform from the militia captives of industry and dressing them up in citizens' clothes has not been entirely unattended with inconvenience, but looking at the whole country together with the reconquest of the market place by the reserve corps of American energy, that indefinable moral quality which claims the prerogative of signing its own name, has already justified the faith which our people from the beginning have had in the industrial system founded by our fathers.

If changes are required to bring the tariff law of 1897 into a more perfect relation to the industrial progress of the American people, we propose to make them ourselves, when in our judgment the work can be undertaken without doing more harm than good; but we shall not consent to any change which surrenders the rights of American labor or the advantage which every man who makes a bona fide investment of his money in the United States ought to have over his

competitors in other lands. We look forward with hope to the progress of our commerce from the river to the ends of the earth, but we do not forget that the statistics of our foreign trade have brought the most encouragement to our people in those exact

periods when our own producers have been most perfectly guarded against the injurious approach of the outside world, and that the law of 1897, for the first time in our history, has yielded us a favor able balance of our trade in manufactured goods.



A LETTER AND WHAT CAME OF IT.

I enjoyed good health until about two years ago when I noticed my back began to ache frequently; it became sore and lame, and headache soon added to my misery; also found that my general health diminished. I became thin and weak and nervous, having severe pains at regular intervals,

writes Mrs. Augustus Emory, Treasurer New Century Club, 34 Dean Street (Roxbury), Boston, Mass. She continues: "My work which before had seemed an easy task soon seemed like a heavy burden. Having no faith in doctors I decided to try Dr. Pierce's Favorite Prescription, which several of my friends praised so highly. I felt relief within a week, my appetite came back, the pains gradually decreased and I enjoyed sound sleep. Within fourteen weeks I had completely recovered my health. I seemed built up anew, my pulse, which had been weak became normal, and new life animated my entire being. I gladly endorse your medicine."

It is much easier for a woman to confide in the average man than in the average woman. She knows that the man will respect her confidence and keep them to himself, and not one woman in ten places implicit confidence in her own sex. There is every reason why women should not trust their delicate constitutions in the hands of unskilled persons. It requires a thorough medical education to appreciate and understand the womanly organism. When a woman has ill and pains that she cannot bear—when life seems dark for any woman, she should confide her troubles to a physician of standing in the community or one who has a national reputation. Certainly it would not be the part of wisdom to confide in an ignorant person without medical education simply because she sees a woman. There is every reason why she should write some great specialist, one who has made the diseases of women a specialty for a third of a century like Dr. R. V. Pierce, founder of the Invalids' Hotel and Surgical Institute of Buffalo, N. Y. All correspondence is held sacredly confidential, and he gives his advice free and without charge.

Dr. Pierce's Favorite Prescription restores weak and sick women to sound health, by curing the local womanly diseases which are generally responsible for the failure of the general health. A woman's entire being is centered in her womanly nature. When the delicate womanly organism is attacked by disease; when there is irregularity or a disagreeable drain; when inflammation burns and ulcers gnaw the general health will reflect the progress of disease, in increasing weakness, nervousness, backache, headache, loss of appetite and sleeplessness.

Dr. Pierce's Favorite Prescription cures all these ailments, and cures them perfectly and permanently. It wipes out the record of suffering as a child wipes a sum from a slate. It makes the woman feel like a new woman, and look like one, because it rounds out the form and restores the healthy color to the face.

So sure it is the World's Dispensary Medical Association, of Buffalo, N. Y., proprietors of Dr. Pierce's Favorite Prescription, that they offer a \$500 reward for women who cannot be cured of Leucorrhoea, Female Weakness, Prolapsus, or Falling of womb. All they ask is a fair and reasonable trial of their means of cure.

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