

# NO "SUCKING" "THE SYSTEM"

## Why Tom Lawson Is After the Money Powers of Wall Street.

### HAS A GRIEVANCE AGAINST "STANDARD OIL"

In the Fight the "Bucket Shop" Men Are His Uninvited Allies—Personalities of the Men on Both Sides—The War Is Just Begun—A Moral for the Public.

BY AN EX-BROKER.

New York.—Thomas W. Lawson's war upon the "System" is but begun. At the outset it seems an unequal struggle. Lawson is a man in the prime of life, possessor of a number of unusually nimble millions, but he is apparently without close allies. He stands alone.

Lawson has in the past advertised himself by his lavish expenditures, always with the name of "Lawson" blown in the glass. He paid \$30,000 for a new kind of car; he has owned some of the finest horses in America; he built a yacht to defend the America's Cup, and when he quarreled about her with the New York Yacht club monopolists who manage the cup contests, he broke her up and made medals out of her bronze for presentation to the public. Lawson is generous, prodigal—yet a Yankee.

The "System" is hydra-headed. For Mr. Lawson's purposes it is led by Standard Oil—that little knot of financiers who, beginning with a \$100,000 refinery plant in Cleveland, have engendered the world with a power, beside which the Rothschilds is a toy; who have secured a grip upon the oil trade of Japan, of the United States, who with their German allies control the oil trade of Germany; who

leaving them. Cromwell must have had such a presence.

Yet an agile fencer who isn't afraid of a Presence may lure an impressive man to defeat. Corbett defeated Sullivan, for all his eye of set purpose.

Chiefly, Lawson is "after" the Standard Oil people, for reasons. Incidentally, his attack will injure others whose methods are similar. First, the Morgan group; after that, the groups of minor capitalists allied with the one or the other.

Take New York as example. With all the vast increase of business in the city, there are fewer national banks than 20 years ago. Far fewer big ones in Wall street. For practical purposes, there are two groups of allied banks—the Morgan banks headed by the Bank of Commerce, and the Standard Oil banks, headed by the National City, with Stillman, father-in-law of a Rockefeller, as its president. These banks are closely allied with the trust companies, in which the same men who control the banks appear again as directors. Thus a few men control the loaning power in the market. By "calling" in loans they can, at any time produce a "break" in Wall street. By furnishing money at low interest—your money and mine,

1.—Because the temptation is too great; some day ruin of appalling proportions might be wrought by an ambitious man who overdid things and impaired an insurance company's assets.

2.—Because the "System" gives a few men the power, even if they do not impair the credit of their insurance companies, banks and trust companies, to use the people's money to make power elsewhere, until power becomes unlimited.

How the "System" Works. Suppose a company with a capital of \$1,000,000. Form now a "holding

of trouble for Standard Oil and made a great fortune for himself as a copper magnate in Montana, will not weep at Lawson's campaign.

Every bucket-shop proprietor will be in effect his ally, without any necessity for an understanding. The most damaging accusation that can be made against Lawson is that he is in league with bucket-shops, because they profit by him. That he cannot prevent.

Every man in the country with a collar to waste ought to know that a bucket-shop man is always a bear. Why? Because his customers are

to great international concerns like Kuhn, Loeb & Co. and the Speyers. It is he now Lawson's enemy? Ally of course he is not. That would not do. Best—easy?

I only know this: Day after day Lawson was "tipped off" by the bears as about to attack Steel. The tip was never good.

For Lawson's purposes, Steel is not so vulnerable as Copper. Its strength is in its admirable reports. Anyone can know at any time how badly or otherwise the company is getting along. There is no mystery. Amalgamated's management is secret, a circumstance more favorable to bear raids than to bull operations. The thing is "on a two per cent. basis." That is all we can know about it, but conjecture may busy itself with the actual value of a property sold by shrewd Marcus Daly to the Standard, vastly watered by these hydraulic experts, sold to New England school-marms at 130, subsequently beared to away below 50, a month or more ago up to 86 again. What is it worth? Who knows?

Lawson Has "Hit It Right." Lawson has "hit it right." That is why he has the ear of the public. Seven months' magazine articles have been merely preliminary to his main attack. They were like the patent medicine man's "patter" on the street before he sells the Universal Pain Eradicator. He is getting attention.

He was only getting attention when in early December he "broke the market" and tipped over apple-carts carefully loaded for months.

There is a useful myth in Wall street, called "re-investment." It is very simple. Most dividends are payable January 1 and July 1, and lambs are kept aware of it. They are told that at these periods rich men who draw large dividends always reinvest part of them, which drives prices up. As if rich men were so fond of paying high prices instead of waiting a few days! The plot was made to "unload" on the public this December on the old cry of "re-investments." They were to be dragged in to buy, in December in anticipation of a January

before the break. Wall street knew that. When he began his war he "went short," covering later at a substantial gain at the expense of his foe. The advertisements by which he fought cost about \$50,000, a trifle in comparison with the possible gains. Any warrior must have the means of war. Apparently all Lawson has to do when he wants money is to jump out from behind the fence, say "Boo!" and gather up what is left behind by the other fellows in their flight. He may say "Boo!" once too often and get the worst drubbing of his life. You never can tell.

Nothing Like the Truth. There's nothing like the truth to frighten people. Lawson has the audience because what he says jibes with facts that everyone knows. He criticizes insurance methods and backs it up by extracts from an insurance superintendent's report. He tells the story of the Delaware receivership of Bay State Gas, and all the men concerned in that strange proceeding tumble over each other to tell their stories. He brings in Jim Keene's name, and Keene admits having manipulated \$22,000,000 worth of Amalgamated stocks for insiders—apparently a "remainder" they got "caught with" when they made the first "unloading."

He told the truth as to the manner of Rogers' acquisition of the New York Commercial as a Standard Oil and Amalgamated Copper organ.

He told the truth to Col. Greene. I have kept that marvelous incident for the last, because it gives the key of this man's power. When Greene issued his famous midnight message by advertisement his language meant murder. Greene is a man who has mined copper. He has four notches on his pistol stock. Two days later he went to Boston, met Lawson, talked seven hours. What magic did Lawson use with Greene? Just the truth. Just told him how, because he tried to sustain the stock of his Greene Copper company in a general decline he was "loaded up" with it from every source, until his banks—oh, these banks, controlled by the very people



HENRY H. ROGERS.

The Special Victim of Lawson's Attack on the Wall Street "System."

company" to hold a majority of its stock, 51 per cent. Form now another company to hold 51 per cent. of the holding company's stock. An investment of some \$130,000 in the second holding company will control the whole business. Now let there be a prosperous season or two; let the company lease other companies; let it sell bonds to trust companies and insurance companies in which its directors are interested; and presently ten men with an investment of less than \$15,000 apiece may be controlling millions.

Let anyone who doubts that such a preposterous disproportion of power to investment is possible examine for himself the manner in which the great Rock Island system is now controlled.

It is this kind of thing that makes people nervous when Lawson threatens to tell all he knows. Suppose he should!

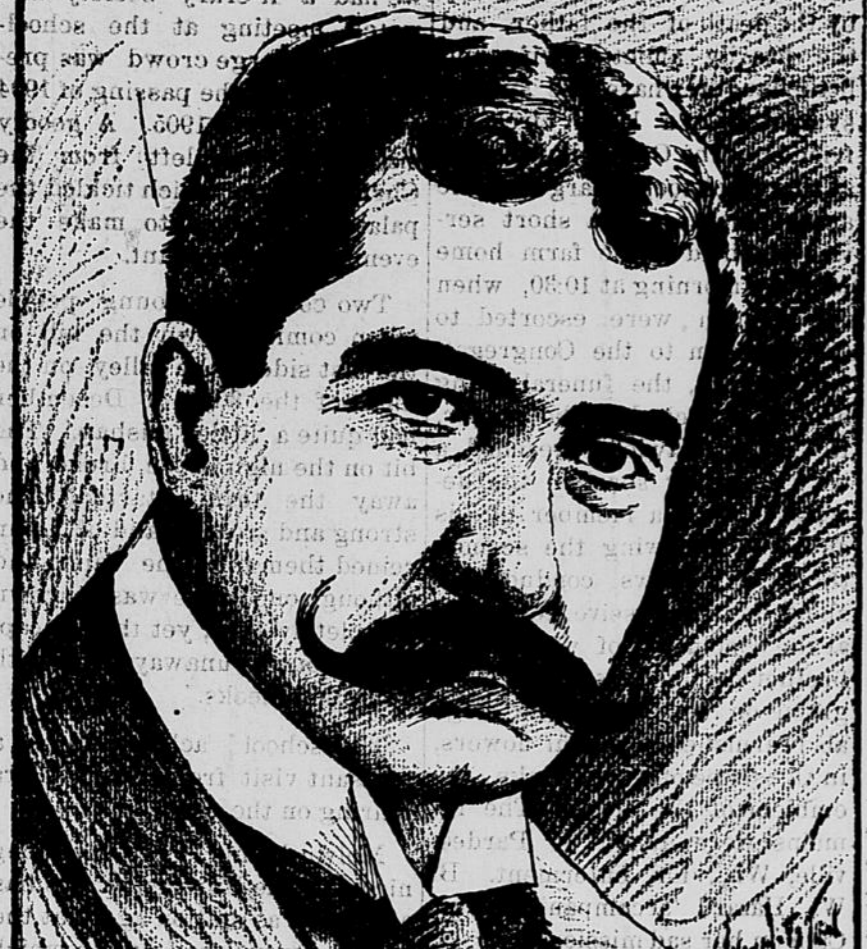
Just for one minute—Suppose he should!

Observe now the power of weakness and the weakness of power. The "System" nervous, stung to anger, trembling at what disclosure next it knows not.

And Lawson alone, not a notably great millionaire, but with an idea. He has told that idea, often enough. There is one power in the country

mainly bulls and it is his business—sweet business—to break them. Nine customers out of ten are loaded up on the "top" side, with only a three-point margin between them and loss. Take a dry goods clerk who "invests" ten dollars in a stock, at a time like last September. The stock keeps going up and at every raise the poor fool puts his paper profits back into more stock at the same margin. He does not put in any more cash—another ten dollars looks so small when he is carrying a "line" of perhaps a hundred shares. Along comes Mr. Lawson with his thunderbolt! What is the bucket-shop man's policy? Obviously to go into the market with his own customers' money and sell—help the bear "reaction." In every reaction of Wall street history bucket-shop men have helped. And their clients have lost their ten dollar stakes—or larger, as the case may be. That is worth remembering.

At a reputable broker's firm the least margin accepted is ten "points"—ten dollars per share. In troubled times a careful broker demands 20 "points" upon "gilt-edged" stock. Even then a customer may be "cleaned out" within a few weeks unless he is prepared to put up more margin. The gambling is more dangerous the better the stock one gambles upon, odd as that may seem. In a time when all



THOMAS W. LAWSON.

Worst Hated Man in America by the Moneyed Interests of Wall Street.

exercise a commanding influence in three of the six billion-dollar railroad systems of this country; who have wrested the Billion-and-a-Half Steel Trust from its maker; whose surplus revenues flow resistlessly into new channels of profit and of power—into the street-car and electric light business of New York, which they control; into copper, into silver, into pig-iron, most dangerous of all, into banking and trust company promoting.

Not that Standard Oil owns all these things. It does not need to. A minority interest, coupled with an alliance with other owners, is enough. With power to make, or break, a Standard Oil director in any enterprise is listened to respectfully.

Fighters in the Foreground.

Personality makes the fight interesting. Lawson is magnetic. I defy anyone to pass an hour in his presence without liking him. His magnetism goes beyond his presence into his pen. He has always had a personal following among men who have never seen him. He is alert in movement and speech, lavish in expenditure, an adept in advertising. He knows the weak point in every adversary's armor—even to his personal faults of temper. He knows, for instance, that John D. Rockefeller is not a fighter. Mr. Rockefeller has always been more inquisitive than strenuous. Confronted, he has gone around and got past the obstacle, not over or through it. His method has succeeded, if you call success that which he has achieved. He never meets an attack. Miss Tarbell's great history of Standard Oil has never torn from him one word of protest.

Rogers has more blood. He is not unlike J. P. Morgan. Both men are pleasant enough when things go their way. When thwarted it is their method to be wasteful. Morgan has an eye few men can meet, and of late Rogers has become almost as overbearing. These Titans bear down upon

the money of all the country; for country banks send their surplus to the city to be loaned—they can send prices booming. Stock gamblers seldom hesitate to buy a four per cent. stock, however high, when call money is plenty at two per cent. Each figure that he is sharp enough to "get out" in time.

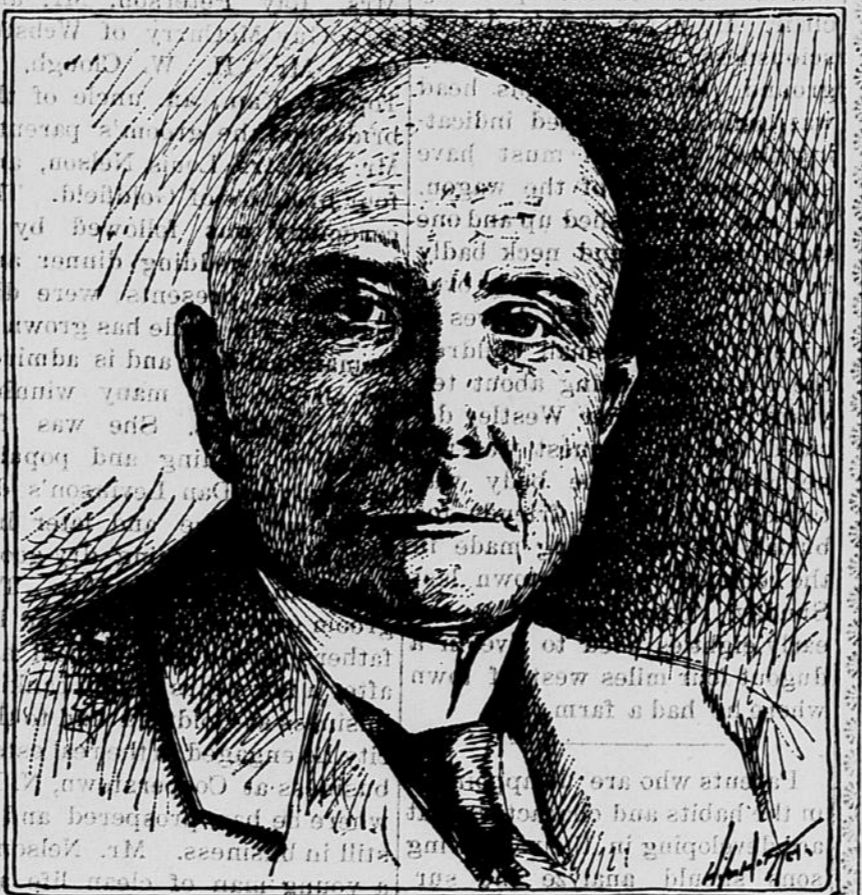
The Life Insurance Companies. I have hesitated to touch one source of power to the "System." The life insurance companies.

The three great life companies of New York have written \$4,000,000,000 worth of insurance—\$250 for every family in the United States. They have \$1,000,000,000 of assets. The "fluid" portion of those assets, the steady inflow of hard cash, it is the duty of the directors to invest. Consider the power of men who control great railroads, who have their directors in the trust companies, and who loom large in the directorate of insurance companies also. What a position from which to "load" the bonds of new trusts and combinations!

The temptation is the greater because the position of the companies is so strong. The security of the policyholder is absolute. If Lawson ever says, otherwise, call him an alarmist, which it is not a nice thing to be. The improvement of public health in recent years and the constant lengthening of human life is the greatest asset of the companies. But—

Morgan's partner, Perkins, is a director of a great insurance company. When Morgan started the ill-fated Shipping Trust, that insurance company took a quantity of the bonds of the company. The trust failed from over-capitalization, but the bonds are still carried on the insurance company's books at par. It is easy enough to call par their price so long as none of them are ever sold.

It would be easy to multiply such cases. Take the kindred evil of converting stock into bonds so that trust funds may be used to pay for them. It is not good finance. Such things ought not to be.



JOHN D. ROCKEFELLER.

As Head of the Standard Oil, He Comes In for a Share of Lawson's Criticism.

bigger than the "System." The People. The people by demanding legislation can nip the wings of the "System." The people whose money the "System" is using, may demand their money to use otherwise. Where would the "System" be then? Where would prices be? What would Wall street do?

Allies, Yet Not Allies. Lawson will either make one of the biggest sensations in financial history, or one of the most laughable failures. He has no doubt which it will be.

As to allies, he needs none. There are people who will help him; who must help him. A red-cheeked Brooklyn boy, for instance, named Heinze, who for 15 years has made 57 varieties

prices are falling, a man who is loaded-up with miscellaneous stocks must sell something. He sells that which will sell best. In Lawson's how famous raid St. Paul lost more "points" than Steel Common.

Where Does Morgan Stand? Speaking of Steel Common—where does Morgan stand?

There has been more than a suspicion that Mr. Morgan was not greatly displeased to see the Standard's standard-bearers get a drubbing. He went up against them in the Northern Securities matter and came off a wiser but not a handsomer man. He lost control of Steel to them. He has seen the primacy in Wall street promotion go to more conservative "bond houses"

boom." People with memories know that last January prices dropped.

For months the market had been boiling with "wash sales." The word of the "System" was that money for margins would be kept cheap, and that there was plenty. "Three million share days" were promised. (Such a day would mean the sale of \$300,000,000 of securities in one exchange of one day in one day.)

What are "wash sales?" A broker may make only legitimate sales and purchases. But there's nothing to prevent a man or a "pool" from giving selling orders to one broker and buying orders to another for 10,000 shares each. If this is done through an exchange member the commission is trivial. Thus prices were gradually worked up by an appearance of activity, step by step, for four months, the public occasionally taking a few shares, but the transactions in the main all speculative. Wall street was ready for the "killing."

You remember the story of the man who tried to give his horse medicine by blowing it down his throat with a long tube. The "horse" blew fust. That happened this time.

Lawson's great advertisement on copper set the public to selling instead of buying. To prevent the market from going to pieces like a card house the "System" had to buy—not only the men for whom Lawson was gunning, but all those who wanted to see "business good." And yet customers were sold out by bucket-shops and by the regular brokers! There's no making of omelets without breaking eggs. Amalgamated dropped 24 points, it has never recovered, or felt recovered. People here waiting for Paul went down over the Standard Oil Standard Oil specialty, Pennsylvania, a "gilt-edge" stock, not especially Oily, dropped eight points. That was a shrinkage of \$36,000,000 in Amalgamated, of \$9,000,000 in Pennsylvania. Other stocks lost in proportion—several hundred millions on the whole.

Not even the best stocks approached the prices they would have reached had the "unloading" process been carried out upon the public on the original plan.

What did it cost Lawson? Nothing. He sold all his own holdings of copper

who had been selling him his stock—called his loans. Then he lost four millions in twice as many minutes and the other fellows got his really valuable stock cheap. Great game, isn't it? Nice game for innocent people in the country to think they can beat, after reading a few circulars pushed out by the literary artists of the bucket-shop!

Lawson is a Standard Oil ally turning "state's evidence." What a situation for the plain people to enjoy!

Everybody's Magazine was bought on credit mainly from John Waa-maker for a trifle by two bright young men. They are now selling advertisements for \$500 a page, printed 25,000 copies last issue—all they could print; they could easily have sold more—and raised the price to 14 cents. Lawson makes no charge for his articles, of course. He only wants a medium to get his points before the public. All the advertisements of the magazine, in the daily papers which have been signed by Lawson he has personally paid for. The publishers often know nothing about such an announcement until they see it in print.

Since Lawson cannot make one blade of grass grow where two grow before, I am inclined to say: Let the man have his say. (The "System" is wrong, it should be proved. If it is right, the truth will come out. In any case the public will have a chance to learn that stock gambling is a game for fools.)

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In a Serious Difficulty. See the man who is crying. Observe his red face, his nervousness, his nervous and distressed manner. Is it the first time he has been "loaded up"?

Not at all. His rich but nearsighted partner is taking dinner with the family, and whom he has expectations, has just asked him for some of the white meat. The Christmas fowl happens to be a goose.—Chicago Tribune.

Recently Discovered Elements. The rare elements recently discovered, scandium, gallium and germanium, were prophesied 30 years ago by Mendeleev, who christened them provisionally as boron, eka-aluminum and eka-silic-



J. EDWARD ADDICKS.

Lawson Pictures Him as a Weak-Kneed Brother in the Bay State Gas Deal.